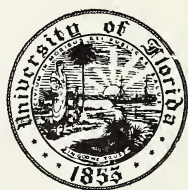
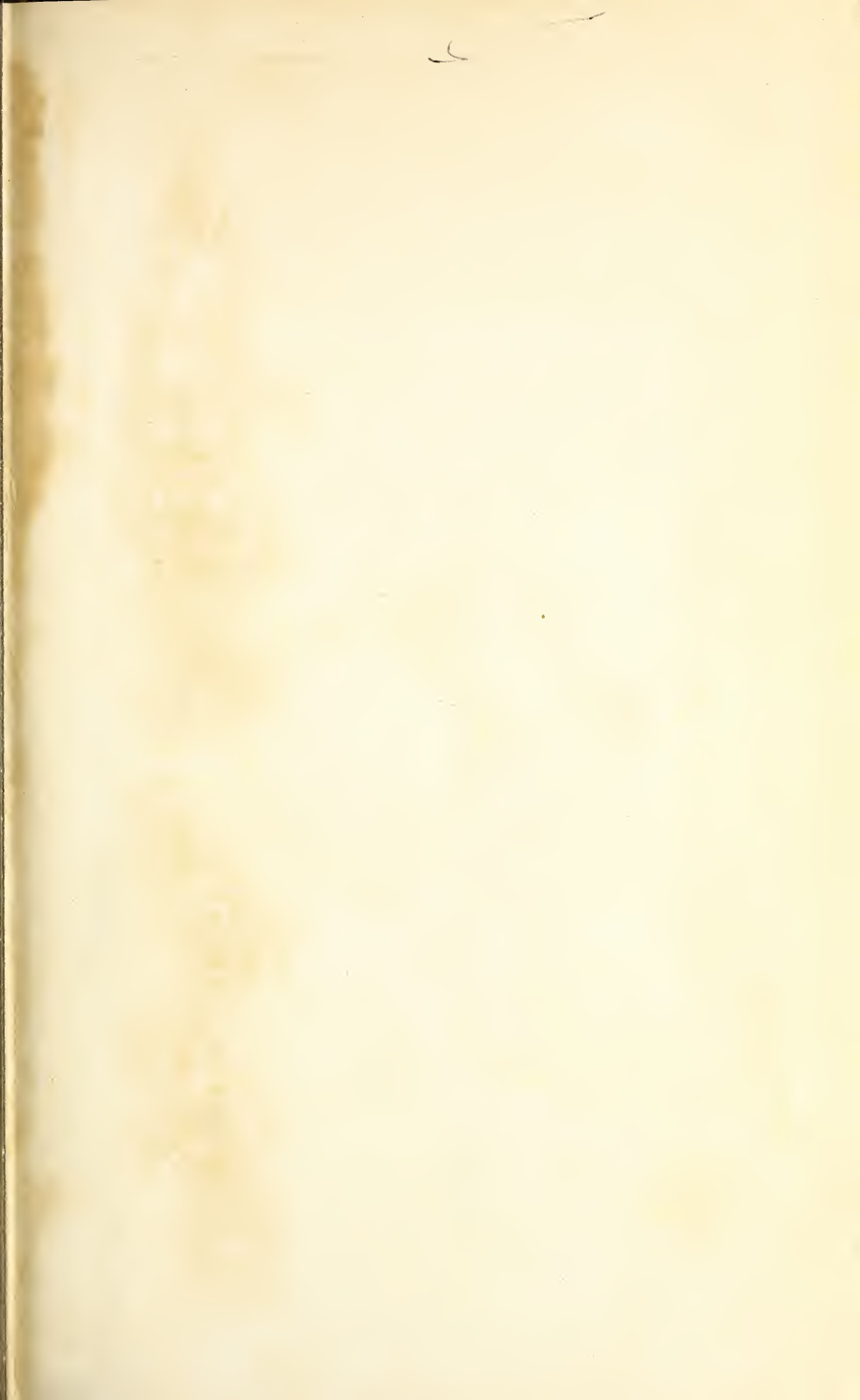


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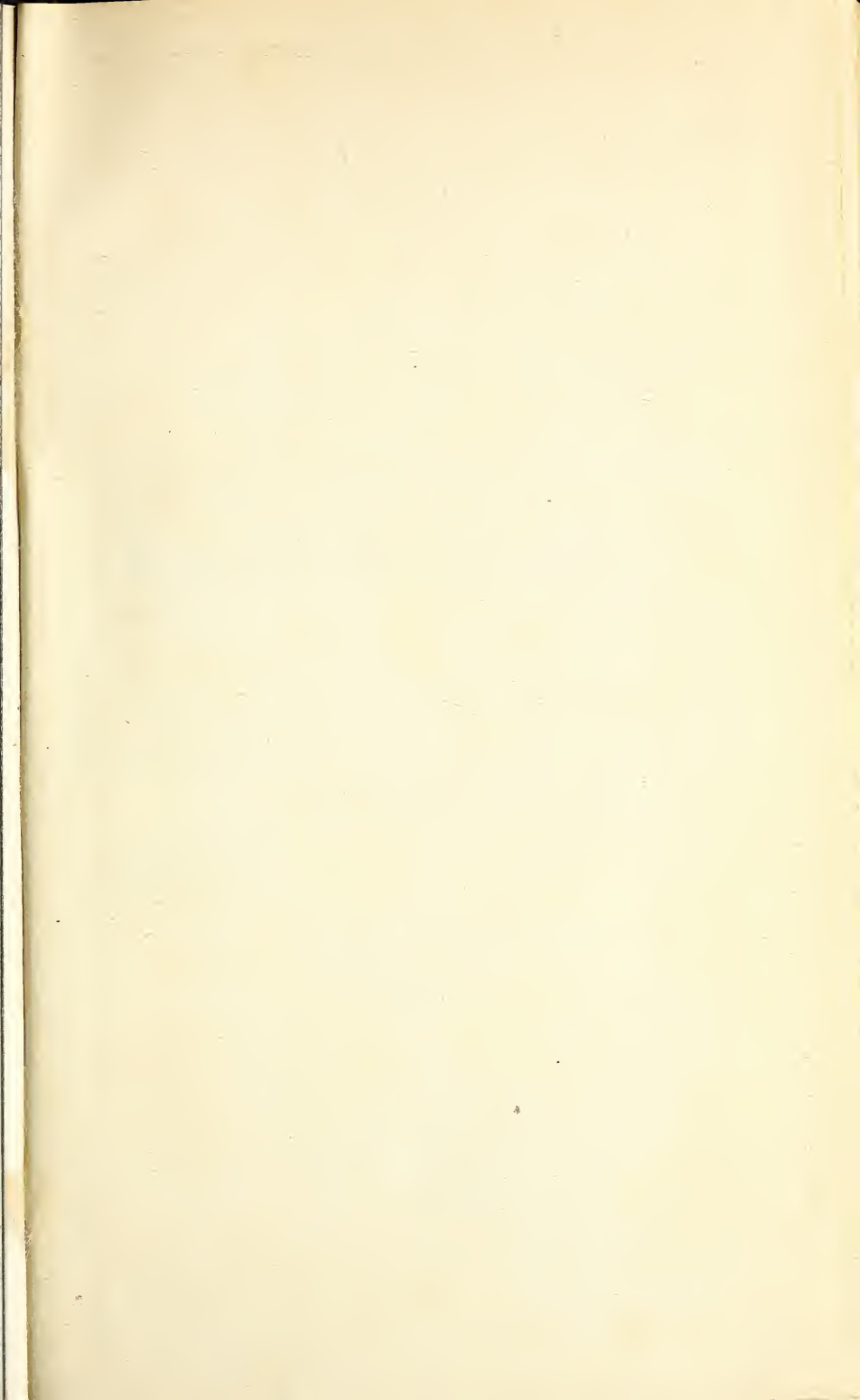
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BUT let none expect any great promotion of the sciences, especially in their effectation part, unless natural philosophy be drawn out to particular sciences; and again unless these particular sciences be brought back again to natural philosophy. From this defect it is that astronomy, optics, music, many mechanical arts, and what seems stranger, even moral and civil philosophy and logic, rise but little above their foundations, and only skim over the varieties and surface of things, viz., because after these particular sciences are formed and divided off they are no longer nourished by natural philosophy, which might give them strength and increase; and therefore no wonder if the sciences thrive not when separated from their roots.

FRANCIS BACON
Novum Organum

The
Concept of Ethics
In the
History of Economics

by
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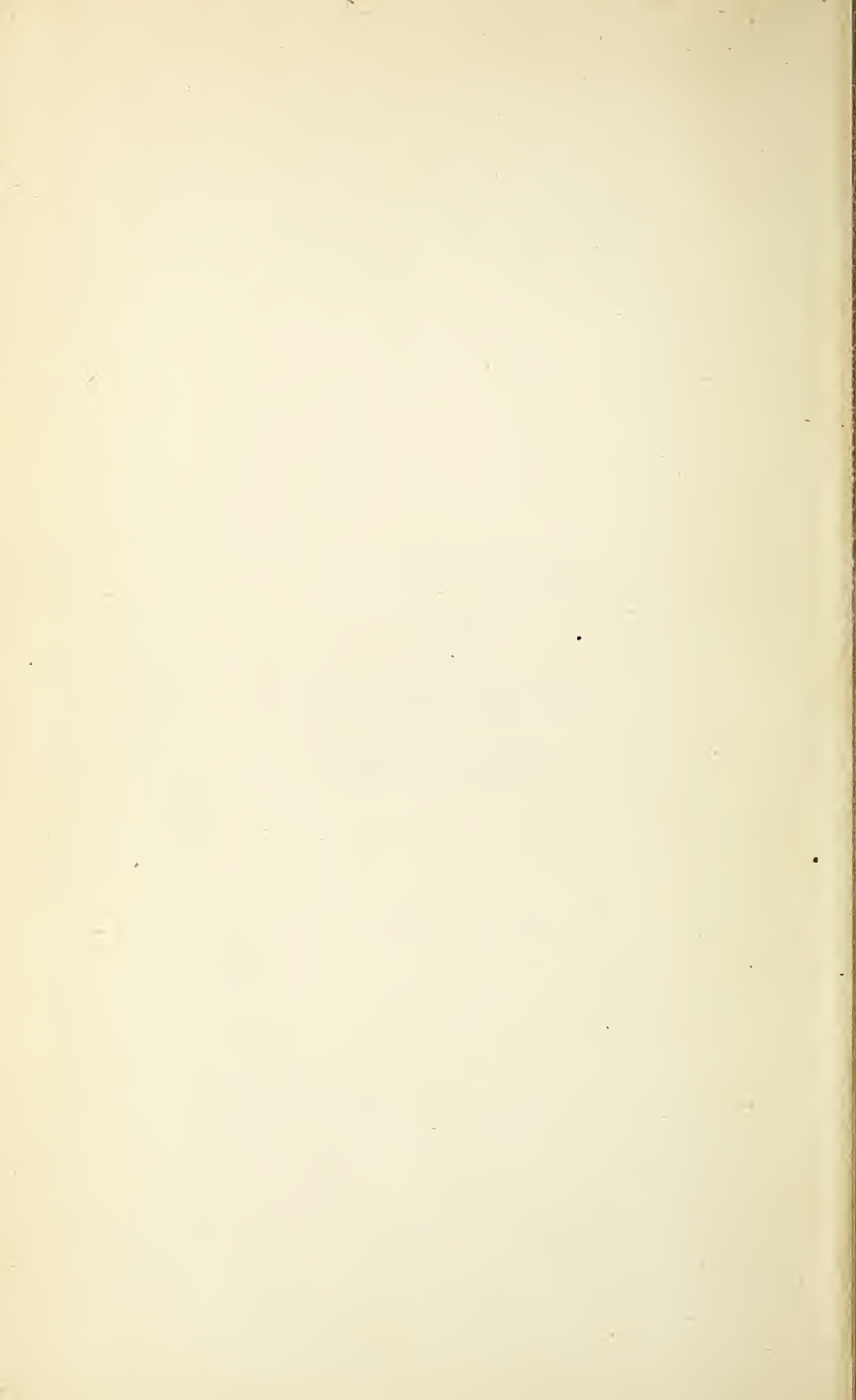
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TO MY MOTHER
AND
TO THE MEMORY
OF MY FATHER

5-4-60 Dept. of Agriculture



ERRATA

Page 103, line 23—"Smth" should read *Smith*

Page 213, line 6—Insert "more" before *fruitful*

Page 295, last line—"Carleton" should read *Carlton*

Page 297, line 4—"Schmiller" should read *Schmoller*

Page 303, line 19—"another" should read *other*

Page 439, line 20—"disclines" should read *disciplines*

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FOREWORD

The present work performs no less than two distinct services. First, it reviews the history of economic thought, and does so with remarkable clarity and even attractiveness. Again, it outlines the conclusions of ethicists, setting forth their judgments on economic life as it is and as they hold it should be. Both economic and ethical materials are presented with sureness and even with a certain charm.

The reader sees without making too much effort that, especially since the rise of the Classical School of Political Economy, economic theorizing has gone its own sweet way, unfettered by any restraints that moralists might place upon it. To be sure, the moralists have done little different with respect to economic speculation, many of them almost ignoring the field of economics. Such intellectual isolationism either on the part of the economist or of the moralist has not helped either. In fact, at times it has betrayed each of them into "whoppers" of the first order.

Briefly the chasm between economic theory and ethical doctrine stands in woeful need of bridging. May the present volume do its part in bringing the leaders in these two important sciences closer together.

✦ FRANCIS J. HAAS
Bishop of Grand Rapids

November 26, 1949.



PREFACE

AT THE present time, as well as in history, there are some economists who hold, in substance, that "Ethics is ethics and economics is economics, and never the twain shall meet." Such an approach is necessary for the "pure" scientist and useful (in the narrow sense) for the man of affairs. However, the search for what economists have historically considered to be the nature and significance of the relationship, if any, between the two disciplines is a quest at once interesting and illuminating from the point of view of both the theoretician and the practical man. For our day seems not to be lacking so much in technological development, scientific "know-how," unprecedented production volume, but rather in the social and human equations which will make these gifts of applied science contribute to the maximum well-being of all. This dissertation seeks to make some contribution towards a solution of the latter problem by attempting to present a closely knit treatment of the historical conception of the relationship between wealth and human welfare. The scope, method, need and timeliness of the study are fully outlined in Chapter I and need not be elaborated here.

A word of explanation may be in order regarding the rather profuse citation from economists and historians of economic thought who are mentioned throughout the body of the work. Such procedure has appeared desirable in order to catch the

spirit of each author as well as to free the present writer from any suspicion of distortion.

The writer is deeply grateful to Dr. Russell H. Mack, Chairman of the Department of Economics, Temple University, for his valuable, thorough and patient supervision. To Doctors Ralph D. Owen and W. Roy Buckwalter particular appreciation is due for their reading of the manuscript as well as for valuable suggestions made regarding different phases of the investigation. To his friend, Cornelius F. Sullivan, M.A., the author is especially indebted for his immeasurable assistance in a critical reading and editing of the entire manuscript.

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JOSEPH F. FLUBACHER

June, 1950

The

Concept Of Ethics

In the

History Of Economics



CHAPTER I

INTRODUCTION

The Problem

THE PROBLEM OF this investigation is (1) to discover the concept of ethics which has been manifest in each of the various types or "schools" of economic thought prevailing at one time or another in the history of economics; and (2) to note the particular influence which ethical ideas and ideals have had on economic thought. Its primary purpose, then, becomes the collection of materials on the scope and content of ethics in economics, and the delineation of the influence of ethical notions on the economists and their science. The threads of ethics in the warp and woof of economics are sought, and traced, in their whole and continuous pattern in an attempt to show their range and significance in the history of the science. This is, then, a problem in one phase of the historical conception of the delimitations of economics.

Need and Timeliness of the Study

It is common knowledge to all serious students of the history of economics that from its very inception, as a separate branch of study, two more or less conflicting conceptions of the

subject have prevailed. According to one viewpoint, the function of economics is that of the purest of pure sciences, simply to set forth the nature of the economic process, accurately and adequately to describe, refraining from both judgment and prescription, except, perhaps, in a technical sense. The other approach has seen economics as the study of the relationship between wealth and welfare. In fact, these two approaches have frequently been confused by some, and, by others, a scientifically neat dualism of the two has been elaborated.

Clear thinking on this matter is of primary importance for the development of both economic theory and of policy. It is hoped, therefore, that the present study will provide a closely knit frame of historical reference on this question.

However, this history of an idea (ethics in economics) is written from no mere antiquarian interest alone, even though such should serve a liberal purpose. Its need and timeliness are indicated by the fact that almost continually one is reminded by both scholars¹ and statesmen of the need for a "return to ethics, to basic postulates, to ultimates," while at the same time come equally urgent strictures from others regarding the necessity of stripping the science of any ethical implications, and of recognizing the hypothetical character of economic theory.²

A. B. Wolfe in the March, 1944, Presidential Address to the members of the American Economic Association urged:

The country, the world, needs men—informed men and women—who, with their feet on the hard ground of facts, give thought to basic, permanent values, and to the broad and long-run policies required for their realization. The call is not to men and women of superficial insight or narrow sympathies. It is a clarion call to young economists and political scientists—young in spirit, if not in years—to hear and to heed, each according to his faith in his own developed capacities. So I say to them, as I say to the business men: Lift up your sights; extend your range.³

At the first meeting of the newly formed Catholic Economic

Association in 1942, Rt. Rev. John A. Ryan, honorary president, outlined two objectives for the members of that association: "To make the ethical aspect of economic doctrine as prominent as possible; to study and recommend reforms in our economic institutions."⁴

Two recent presidents of two American associations, the one over fifty years old, the other very young, have urged this problem upon us. A little while back, Paul T. Homan noted that:

Economic theory of the systematic sort, when traced to its source, inevitably involves reliance upon some philosophical concept. A good many economists, however, are not by training competent to realize the philosophical implications of their own systems of theory.⁵

Ethics is, of course, moral philosophy and, therefore, an historical study of the concept of ethics in economics should provide a developed body of knowledge on this subject, in the light of which these recent, and by no means isolated, exhortations may be assayed.

In times of great social stress and unrest, both domestic and international, stress engendered in part by economic rivalries and discords, the common man, at least, asks himself why it is that economists have so little influence in public affairs, especially when economic issues are so often paramount. Lewis H. Haney finds the answer in the economists' own confusion, which he sees not so much as a confusion in economic theory, but rather in its philosophical implications.⁶

After pointing out that "a man's whole attitude toward economics as a science is bound to be influenced by his philosophical leanings, whether these be conscious or not, . . ." ⁷ Haney asks:

. . . is it not to be expected that, in time economists will turn to philosophy, psychology, and sociology for consciously adopted—and, therefore, consistent—basic postulates? Is it not probable that a genetic study of economic value, as one among a family of human values (e.g. ethical, political), may eventually give us the basis for a truly scientific economics? ⁸

It appears, then, that a study dealing with the relation between economics and one branch of philosophy (moral philosophy or ethics) will be fruitful in furnishing an historical perspective before which the relationship of these two disciplines, both of them sciences of value, may presently be refocussed. Such a body of specific knowledge, unified and sufficiently ample, becomes the purpose of the present study.

Delimitations

Perhaps it should be pointed out that this is a dissertation in economics, not ethics; it is one "of" ethics, but not "in" ethics. In general, one theory of ethics shall not be weighed against the other in the fashion of a critique; but the student of a problem of this type must be allowed, in fact, for effective historical interpretation, is compelled, to point out some problems posed, doubts raised, similarities, contrasts and divergences noted in the thought of the men studied on this aspect of the methodological problem. What is undertaken is an historical exposition, not a philosophical critique.

If a work such as this is not to assume the proportions of a mere catalogue, some criteria must be found to explain those economists or "schools" included and omitted. The men to be included are, first, those who have come to be considered the major economists of their era or "school." This will be evidenced by some considerable treatment accorded to their work by the standard histories⁹ of the science. Second, consideration shall be given to the work of those economists who have given specific attention to the relationship between ethics and economics, even though they have not necessarily been so outstanding in their general theoretical contribution as to warrant any considerable treatment by the historians of economic thought. The reader's knowledge of the "peaks and valleys" of the history of economic thought is, therefore, assumed.

Further, no attempt is to be made to exhaust each period,

nor each author within a period, nor to treat any phase of doctrine, the methodological problem, or theoretical strength, except as it bears on the problem of this essay. Implicit as well as explicit evidence of a viewpoint on the problem will, of course, be considered.

Previous Research

As far as this student has been able to ascertain, no treatise exists on this problem from the historical viewpoint, although there are not a few studies of the theoretical relationship of the two disciplines. Among these are: Rt. Rev. Dr. John Hughes, Bishop of New York, *A Lecture on the Importance of a Christian Basis for the Science of Political Economy, and Its Application to the Affairs of Life* (1844); H. J. Baudrillart, *Des rapports de la morale et de l'économie politique* (1883); Friedrich Jodl, *Volkswirtschaftslehre und Ethik* (1885); G. Ratzinger, *Die Volkswirtschaft in ihren Sittlichen Grundlagen* (1895); Heinrich Pesch, "Ethik und Volkswirtschaft" in *Das Völkerrecht* (1918) by the same author; C. E. Ayres, *The Nature of the Relationship between Ethics and Economics* (1918); J. A. R. Marriott, *Economics and Ethics* (1923); Josiah Stamp, *The Christian Ethic as an Economic Factor* (1927); J. A. Hobson, *Economics and Ethics* (1931); Alec L. Macfie, *An Essay on Economy and Value* (1936) and also the same author's *Economic Efficiency and Social Welfare* (1943). Lujo Brentano's "Ethik und Volkswirtschaft in der Geschichte," in the same author's *Der wirtschaftende Mensch in der Geschichte* (1923) treats primarily of the Middle Ages.

It is fitting and pertinent, then, that an attempt be made to trace this concept historically; the above approaches might be styled "horizontal" whereas the approach of this dissertation is to trace the problem "vertically" through the upward growth of economics.

Definitions

The distinction must, of course, be made at the outset between moral philosophy or ethics, and moral theology. The former is the science inquiring into the fundamental principles of the morality of human actions. It is both speculative and practical, i.e., it not only seeks knowledge or truth, but also it provides a guide to conduct. In establishing its principles and demonstrating its conclusions, ethics appeals only to human reason; it makes no direct appeal to supernatural revelation as does moral theology.

Some definitions of ethics will be offered in order that a comparison may be made in the approaches to that field. John Dewey and James H. Tufts define ethics as "the science that deals with conduct, in so far as this is considered as right or wrong, good or bad."¹⁰ Hillquit says:

Theoretical or scientific ethics aims to ascertain the principles and true meaning of "right and wrong" in human conduct. Practical or applied ethics seeks to draw concrete conclusions from the knowledge so gained, and to base on it a code of "right" conduct for the practical guidance of mankind. Scientific ethics takes cognizance of actions and relations as they are, while practical ethics considers them as they ought to be.¹¹

Cronin defines ethics as "the science of human conduct as according with human reason and as directed by reason towards man's final natural end."¹²

Moore offers a similar conception: "We may, therefore, define ethics as the science of the supreme end of human life and of the relations of the voluntary acts and habits to the attainment of that end."¹³

Implicit in these definitions are the two major conceptions of ethics, divided according to whether morality is conceived as conditionate, or absolute and unchanging. Those who conceive of morality as absolute usually relate it to God. It is based upon

natural theology or theodicy. As Moore says in his *Historical Introduction to Ethics*:

... the ultimate foundation of the moral "ought" does not rest upon man's relation to man but upon his relation to God. An ethics, full and perfect, therefore, cannot be developed in complete independence of theodicy.¹⁴

This conception of ethics is eschatological, telling us "what acts will lead us to our final end or are morally good, and what will lead us away from it or are bad, that act being morally good which is directed by reason to the final end, its opposites being morally evil."¹⁵

Those who see all morality as conditionate find the proper subject of ethics in the moral customs and beliefs of various peoples in different ages and under different conditions, the scope of ethics being to describe and correlate these facts, to give their origin and the law of their development.¹⁶

The "absolute" group feels that the "conditionate" morality does not go far enough, fails to give the whole answer.

As well might we confine the science of Physics to description and the correlation of the various views of physicists at different periods as to say that the exclusive purpose of Ethics is to describe the history of man's views on good and evil, and the practices to which these views have given rise.¹⁷

The group holding the above viewpoint contend that the fact that one can discover many and varied ethical systems does not mean that there is no ultimate or absolute right, any more than it would be true to say that there is no ultimate astronomical truth because there have been disagreements¹⁸ among astronomers. And, in addition, we should expect greater differences in ethics because this field is subject to emotional disturbances having no place in astronomy.

Blackstone, in his *Commentaries on the Laws of England*,

speaks of "the eternal, immutable laws of good and evil to which the Creator Himself, in all His dispensations, conforms; and which He has enabled human reason to discover, so far as they are necessary for the conduct of human actions." ¹⁹

Such is the absolute conception of ethics founded in the natural moral law which is the counterpart of the natural scientific law. "The natural law is the only fundamental basis for sound moral judgments. There must be such a basis, external to the individual for making correct ethical decisions, otherwise all morality would be purely subjective." ²⁰ In this sense the legislator's designation is a correct one; his function is to discover the law, not to make it. He finds it within the broad framework of the natural law.

It must not be understood that the absolute morality will not be applied differently under differing situations; casuistry is the application of general principles to specific cases; the cases, however, do not make the general principle but are judged in the light of it.

The significance of these brief distinctions for the problem of this study will be apparent. There is a deep cleavage, an unbridgeable gap between the two approaches to ethics. And, of course, those economists who allow ethics to enter their economics are profoundly influenced by these distinctions. As Sorokin has noted:

If a person has no strong convictions as to what is right and what is wrong, if he does not believe in any God or absolute moral value, if he no longer respects contractual obligations, and, finally, if his hunger for pleasures and sensory values is paramount, what can guide and control his conduct toward other men? Nothing but his desires and lusts.²¹

One other distinction or definition appears necessary; it is the difference between the "history of economic thought" and the "history of economics." The history of economics is the history of the science. It is there that the main province of this

study lies. The history of economic thought encompasses all those ideas, thoughts, etc., on economics before economic phenomena came to be the subject of a separate body of scientific knowledge.

As far as method of treatment is concerned, reliance has been placed upon the usual schemes of classification used by the standard histories²² of the science. However, in the final chapters where such treatment either would have been Procrustean, or would have resulted in the multiplication of chapters, economists who otherwise manifest wide theoretical differences are treated within the compass of a single chapter and the basis of classification is either national or chronological.

Chapter Two will trace, in summary fashion only, the concept of ethics in the history of economic thought, as distinguished from the history of economics; it is purely background to the study proper, and in no sense exhaustive. Chapter Three is transitional and leads into the rise of the science which is treated in Chapter Four. Chapter Five treats the idea of ethics in the economics of the Classical School, while Chapter Six deals with some non-Socialist dissents from Classicism. In Chapter Seven, the problem as conceived by the Socialists, Utopian and Scientific, is treated. In Chapter Eight, Marginism and Historism, the Germanic approaches, are examined; Chapter Nine is devoted to the topic as it appears in American Thought and Chapter Ten is a contemporaneous treatment. Chapter Eleven sums up and states conclusions.

FOOTNOTES CHAPTER I

1. Albert B. Wolfe, "Economy and Democracy," *The American Economic Review*, Vol. XXXIV (March, 1944), pp. 1-20.

Also John A. Ryan, "Two Objectives for Catholic Economists," *Review of Social Economy*, Vol. I (December, 1942), pp. 1-5.

2. Paul T. Homan, *Contemporary Economic Thought*, p. 10.

3. Wolfe, *op. cit.*, p. 20.

4. Ryan, *op. cit.*, p. 1.
5. Homan, *op. cit.*, p. 127.
6. *Value and Distribution*, pp. 1-3.
7. Lewis H. Haney, *History of Economic Thought*, p. 12.
8. *Ibid.*, preface, p. v.
9. E.g., Luigi Cossa, *An Introduction to the Study of Political Economy*; Hector Denis, *Histoire des systèmes économiques et socialistes*; John M. Ferguson, *Landmarks of Economic Thought*; Charles Gide and Charles Rist, *A History of Economic Doctrines*; René Gonnard, *Histoire des doctrines économiques*; Alexander Gray, *The Development of Economic Doctrine*; Lewis H. Haney, *History of Economic Thought*; John K. Ingram, *A History of Political Economy*; Eric Roll, *A History of Economic Thought*; William A. Scott, *Development of Economics*; Theodore Suranyi-Unger, *Economics in the Twentieth Century*, and others included in the bibliography of the present study.
10. *Ethics*, p. 1. New York: Henry Holt and Co., 1926.
11. Morris Hillquit, *Socialism in Theory and Practice*, p. 37.
12. Michael Cronin, *The Science of Ethics*, Vol. I., p. 1.
13. Thomas V. Moore, *Historical Introduction to Ethics*, p. 2.
14. *Ibid.*, p. 4.
15. Cronin, *op. cit.*, p. 4.
16. *Ibid.*, p. 4.
17. *Ibid.*, p. 6.
18. Cf. J. Elliot Ross, *Ethics from the Standpoint of Scholastic Philosophy*, pp. 13-16. New York: Devin-Adair Co., 1938.
19. Cited by Charles P. Bruehl, *This Way Happiness*, p. 121.
20. John A. Ryan and Francis J. Boland, *Catholic Principles of Politics*, p. 5. New York: The Macmillan Co., 1940.
21. Pitirim A. Sorokin, *The Crisis of Our Age*, p. 205.
22. Cf. note 9 supra.

CHAPTER II

ETHICO-ECONOMIC IDEAS BEFORE THE RISE OF THE SCIENCE

NO STUDY OF the concept of ethics in the history of economics would be complete or satisfactory unless prefaced by at least a review of the problem before the time of scientific economics. Such a review, to be exhaustive, would be a separate study in itself. All that will be attempted here, however, will be to present a history of the relationship between ethics and economics in pre-scientific times sufficient to provide a proper approach to the problem of this dissertation.

The Greeks

This background to the problem proper of the present study begins with the Greeks. Although they had no science of economics,¹ they advanced farther along the road towards scientific classifications than either the Hebrews or Hindus with whom all reference to economics is confined to the religious codes and writings of priestly law-givers.

About the middle of the fifth century B.C. a shift from cosmology to ethics took place in the general interest of Athenian

thought. Ethics was the chief interest of Socrates and all the Socratic Schools.

Historians of economic thought are unanimous in pointing out the close connection between Greek economic thought and ethical concepts; and in fact even the dominance of the latter.

Trevelyan speaks of "the contention of the Socratics, that all economic operations must finally root in the moral, that all economic problems are moral problems and that the province of economics is human welfare. . . ." ² And again: ". . . the Greek idea that economic problems must be considered from the standpoint of the whole man as a citizen in society." ³

Laistner observes that one of the chief differences between modern and Greek economic thought is that the Greek "view-point is predominantly ethical in tone." ⁴

Bonar finds a similar ethical dominance in Greek economic thought: "the economical element is in Greek Philosophy subordinated to the political, and still more to the ethical. Such economic doctrine as is traceable in the writings of the Greek philosophers grows out of their moral and political philosophy." ⁵

Gray is the most emphatic of all the historians in noting the complete subordination of economics to ethics by the Greeks. "Economics was not merely the attendant and the handmaiden of Ethics (as perhaps she should always be); she was crushed and blotted out by her more prosperous and pampered sister, and later excavators, in search of the origins of economic theory, can only dig out disconnected fragments and mangled remains." ⁶

Haney too, stresses the primacy of ethics in Greek economic thought, but calls attention to a fact overlooked by most of the other historians. This distinction is, that the Greek concept of ethics, unlike that of the Hindus and Hebrews, was that of moral philosophy, not of moral theology. The Greeks, instead of issuing prohibitions based on codes of priestly law-givers,

argued about various economic policies and reached the conclusion that they were just or unjust.⁷

Greek economics must be found in Greek ethics or Greek politics. Plato and Aristotle represent the two major thinkers who made any contribution to economics.

Plato (427-347 B.C.)

Plato thoroughly and entirely subordinates his economics to ethics and politics. What economic analyses he makes, and he does make them,⁸ are only incidental to a larger pattern which is philosophical.

For there are in all three things about which every man has an interest; and the interest about money, when rightly regarded, is the third and lowest of them: midway comes the interest of the body; and, first of all, that of the soul; and the state which we are describing will have been rightly constituted if it ordains honors according to this scale.⁹

Economists have been chagrined in that he discusses wealth at some length but does not define it.¹⁰ Yet Plato does treat questions which are thoroughly economic. What is, perhaps, his best known economic conception, that of a complete community of wives and property, is one such. The actual purpose of the community of goods, which Plato envisions for the guardians of the state, is ethical:

Both the community of property and the community of families, as I am saying, tend to make them more truly guardians; they will not tear the city in pieces by differing about "mine" and "not mine"; each man dragging any acquisition which he has made into a separate house of his own, where he has a separate wife and children and private pleasures and pains; but all will be affected as far as may be by the same pleasures and pains because they are all of one opinion about what is near and dear to them, and, therefore, they all tend towards a common end.¹¹

Platonic socialism, even in the limited sphere in which it was to be applied, was renunciatory, and based on an ethical aim. If the philosophers or guardians had any property, it would be an obstacle to the proper performance of their duties.

Plato's classic presentation of the division of labor, while offering some economic advantages of specialization as his day could know it, has an ethical starting point; each man should do what is "natural" to him.¹²

The extremes of poverty and riches are to be avoided, and again, for ethical reasons.

There seem to be two causes of the deterioration of the arts.

What are they?

Wealth, I said, and poverty.

How do they act?

The process is as follows: When a potter becomes rich, will he, think you, any longer take the same pains with his art?

Certainly not.

He will grow more and more indolent and careless.

Very true.

And the result will be that he becomes a worse potter?

Yes, he greatly deteriorates.

But, on the other hand, if he has no money, and can not provide himself with tools or instruments, he will not work equally well himself, nor will he teach his sons or apprentices to work equally well. . . .

Wealth, . . . and poverty; the one is the parent of luxury and indolence, and the other of meanness and viciousness, and both of discontent.¹³

There is scarcely any topic in the *Laws* on which Plato speaks with greater emphasis and frequency than his resolution to remove from the state the evils which arise out of excessive wealth and the pursuit of gain.

The citizen must indeed be happy and good, and the legislator will seek to accomplish this; but very rich and very good at the same time he can not be, not, at least, in the sense in which the many speak of riches. For they describe, by the term "rich," the few who have the most valuable possessions, although the owner of them be a rogue. And if this be true, I can never assent to the doctrine that the rich man will be happy; he must be good as well as rich. And good in a high degree, and rich in a high degree at the same time, he can not be.

Some one will ask, why is this? And we shall answer,—because acquisitions which comes from unjust, as well as just, sources, are more than double those which come from just sources only; and the sums which are expended neither honorably nor disgracefully are only half as great as those which are expended honorably, and on honorable purposes.

The argument then is right, in declaring that the very rich are not good, and, if they are not good, they are not happy.¹⁴

In the light of this, and because he felt that a person might be hypnotized by the desire for money-getting, to the detriment of social justice and order, Plato had proposed limitations on the amount of property a person might acquire. It is important to note that he is not an ascetic on this point; he is steering a middle channel, because to him wealth and intemperance seem to go together, while poverty is an evil second only to that of excessive wealth.

Plato's well-known opposition to trade and various other occupations and endeavors, a prejudice shared by many early writers, was not any objection to these trades *per se* but simply that they carried with them dangers to the full development of both the individual and the state:

... gold and silver ought not to be allowed in the city, nor much of the vulgar sort of trade which is carried on by lending money, or rearing the meaner kinds of livestock; but

only the produce of agriculture, and only so much of this as will not compel us in pursuing it to neglect that for the sake of which riches exist,—I mean, soul and body.

These are the major premises of Plato's ethico-economic thought. But in almost any question which was economic in nature, whether it was one of what should be the proper action of a merchant arriving in port during a scarcity of grain and being aware that other merchants would soon arrive; whether a merchant who had received payment in false money could pass it on; or whether it was one of urging the guardians of the laws to fix a just schedule of prices, all his economic activity is subjected to active control on the part of the government, not merely to prevent violence and fraud, but to secure to the population of the state an adequate supply of the necessities and comforts of life.¹⁶ "*La pensée dominante de Platon, dans sa République, est de tout soumettre aux lois de la morale et de la justice.*"¹⁷

To conclude, Haney is so impressed with the ethical aspect of Plato's economics that he hazards the following definition of economics as Plato might have defined it:

Economics is the science which deals with the satisfaction of human wants through exchange, seeking to regulate the industries of the state so as to make its citizens good and happy and so promote the highest well-being of the whole.¹⁸

The significance of such terms as "science," "good," "happy," "well-being," used here in close proximity, will be at once apparent.

Aristotle (384-322 B.C.)

Historians of economic thought are agreed that the pupil and disciple of Plato carried economic analysis much farther than did his master, but always under the broad ægis of ethics.

Indeed, Bonar finds that the Stagyrice gives us "something like distinct economical analysis,"¹⁹ and Roll observes that "it was he who laid the foundations of the science and who first posed the economic problems with which all later thinkers were concerned."²⁰ He based his economics upon ethics, but it was more than ethics; it was a scientific treatment. He recognized the place and necessity of wealth, that a man must have a certain minimum quantity of it—both for the prosperous state and the good man—but he insisted that human interest be put first.²¹ Aristotle subordinated the whole province of economics to the overlordship of ethics²² and his treatment probably could be considered as a forerunner of the modern humanitarian and welfare conceptions of the science.

With Aristotle "a state exists for the sake of a good life, and not for the sake of life only: if life were the object, slaves and brute animals might form a state, but they cannot, for they have no share in happiness or in a life of free choice."²³ And, of course, so does wealth exist for the sake of the good life:

As for the life of money-making, it is one of constraint, and wealth manifestly is not the good we are seeking, because it is for use, that is, for the sake of something further . . .²⁴

Aristotle is perhaps most typical when rejecting the acquisitive spirit which dominated so much of economic life in so many periods of history: ". . . his hostility is actually directed against the spirit of commercialism. Money, the means, has usurped the place of the end, until domestic and public economy alike have come to mean only the vulgar art of acquisition."²⁵ The desire for wealth cannot be unlimited nor can wealth be the *summum bonum* for individuals or for the state, since it is not an end in the first place.

But the art of wealth-getting which consists in household management, on the other hand, has a limit; the unlimited acquisition of wealth is not its business. And, therefore, in one

point of view, all riches must have a limit; nevertheless, as a matter of fact, we find the opposite to be the case; for all get-
ters of wealth increase their hoard of coin without limit.

... some persons are led to believe that getting wealth is the object of household management, and the whole idea of their lives is that they ought either to increase their money without limit, or at any rate not to lose it. The origin of this disposition in men is that they are intent upon living only, and not upon living well, and, as their desires are unlimited, they also desire that the means of gratifying them should be without limit.

The quality of courage, for example, is not intended to make wealth, but to inspire confidence; neither is this the aim of the general's or of the physician's art; but the one aims at victory and the other at health. Nevertheless, some men turn every quality or art into a means of getting wealth; this they conceive to be the end, and to the promotion of the end they think all things must contribute.²⁶

In his conception of the scope and classification of economics Aristotle both advances the science and maintains at all times a due regard for the ethical element. He conceives of divisions which more than remotely suggest latter day classifications; his economics embraces production and consumption, and chrematistics, exchange. Chrematistics is further divided into natural and unnatural chrematistics. The natural exchange is exchange for the satisfaction of one's wants while the unnatural (and there is an ethical implication here) is that which seeks to pile up wealth.

Of everything which we possess there are two uses: both belong to the thing as such, but not in the same manner, for one is the proper, and the other the improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. He who gives a shoe in

exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions, for the art of exchange extends to all of them, and it arises at first from what is natural, from the circumstance that some have too little, others too much. Hence we may infer that retail trade is not a natural part of the art of getting wealth; had it been so, men would have ceased to exchange when they had enough.

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This sort of barter is not part of the wealth-getting art and is not contrary to nature, but is needed for the satisfaction of men's natural wants.

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. . . out of the barter of necessary articles arose the other art of wealth-getting, namely, retail trade; which was at first probably a simple matter, but became more complicated as soon as men learned by experience whence and by what exchanges the greatest profit might be made.²⁷

This second type of exchange is condemned because it tends to inflame men's desire for unlimited gains and enriches one person at the expense of the other.

Aristotle's emphasis upon consumption and his limitations upon exchange are characteristic of many later economists whose views have a strong ethical slant. A man's wealth according to this conception ought to be no more than will enable him to secure the primary ends in life according to his position in it; it is only the wealth of the money-maker which is without limit.

If Plato's communism is his characteristically best known conception, Aristotle's refutation of it is equally well known, and, again, at once ethical and economic. In the economic sense, he shows the impracticability of a community of property because of its effect upon production. But he is not content to stop there; he rejects the Platonic community of wives because he

considers it against temperance, and the community of property because it is against the virtues of liberality and magnificence. Further, his own conception of property and his delineation of its two-fold character, the ownership private, the use social, is fraught with the ethical.

Property should be in a certain sense common, but, as a general rule, private; for, when every one has a distinct interest, men will not complain of one another and they will make more progress, because everyone will be attending to his own business. "Friends," as the proverb says, "will have all things in common." . . . For, although every man has his own property, some things he will place at the disposal of his friends, while of others he shares the use with them. . . . It is clearly better that property should be private, but the use of it common; and the special business of the legislator is to create in men this benevolent disposition. . . . And further, there is the greatest pleasure in doing a kindness or service to friends or guests or companions, which can only be rendered when a man has private property. . . . The exhibition of two virtues, besides, is visibly annihilated in such a state: first, temperance towards women (. . .); secondly, liberality in the matter of property.²⁸

The ethical tone in the use of such words in the above passage as "friends," "benevolent disposition," "kindness," "temperance," and "liberality," is obvious.

Aristotle recognized that social and economic problems cannot be approached from the viewpoint of institutional change alone; he looked for a correction of social evils, including those that are economic, by personal change, by improving the individual by moral and intellectual culture,²⁹ rather than by calling for a new system or institutional pattern alone. He sees the evils of property not in that institution itself, but in the selfish manner in which man administers it.³⁰

Aristotle distinguished what we praise or value (means) from what we reverence or worship (ends). When he discusses value, the interest of the moral philosophy is primary (both in the *Politics* and in the *Ethics*). He concentrates on fair exchange

as a matter of justice, rather than upon the problem of economic value. Yet his discussion takes into consideration and gives recognition to demand as well as to costs of production as the two primary elements in economic value.³¹

Two other approaches of Aristotle to economic ideas were ethical; these are his treatment of interest and of slavery. He censured interest because "men gain from one another" and because it "makes a gain out of money itself, and not from the natural object of it."³² On the question of slavery he finds that one must be morally superior in order to be a master. A person with a "full soul" could not be a slave.

Thus, in almost every major economic concept he treats, Aristotle sees not only the economic element, but also the ethical aspect inherent in the question. He invariably went beyond Hedone to Eudæmonia.

Other Schools and Philosophers

The Stoics and Epicureans represent two opposite extremes of the Aristotelian mean. The passive idealism of the Stoics and the concept of living "in accord with nature" are so much ethical in connotation as almost to inhibit the development of any economics. Wants are to be satisfied by doing away with the wants. The various shades and distinctions of the natural law concept are, of course, important in the later development of the science.

Epicureanism went almost to the opposite extreme and made pleasure the goal of life. Their thought was materialistic and hedonistic. Epicurus was rather moderate in his interpretations but later Epicureanism degenerated by taking the hedonistic principle of its founder too literally.³³

Xenophon (430 B.C.) was the author of an *Oeconomicus* and in common with other Greek thinkers confuses economics with ethics. Villeneuve-Bargemont says:

Xénophon, dans ses *Economiques*, après avoir défini l'économie, l'art d'améliorer la maison, déclare qu'il entend par maison toutes nos possessions et tout ce que nous tournons à notre avantage. Mais après avoir ainsi agrandi le cercle de la science, il la considère beaucoup plus en philosophe qu'en législateur, et s'attache au résultat moral bien plus qu'au résultat économique.³⁴

His ethical stress is apparent from passages such as the following in his *Oeconomicus*:

... even money isn't wealth to one who doesn't know how to use it.

It seems, then, that your view is this: what is profitable is wealth, what is harmful is not wealth.

Quite so.³⁵

If a man uses his money to buy a mistress who makes him worse off in body and soul and estate, how can his money be profitable to him then?

Then money is to be kept at distance, Critobulus, if one doesn't know how to use it, and not to be included in wealth.³⁶

The pseudo-Platonic dialogue *Eryxias* is of interest to this study even though modern critics exclude it from Xenophon's writings. It is of significance both because it deals exclusively with an economic problem, and because the point of view is characteristically Greek, the whole argument being ethical in tone.³⁷

Socrates is quoting Prodikos of Keos, speaking in the Lykeion:

Wealth is good for good and liberal men and those who know how to use their riches, but it is bad for the wicked and ignorant. The same, he added, holds good of all other things;

such things are bound to be what their users are themselves (good or bad).³⁸

Thucydides is, in a negative sort of way, of passing interest to the present inquiry, since, as Roscher noted, he alone, of all Greek writers, did not fuse his economic ideas with ethics.³⁹

The Romans

The Romans made little direct contribution to economics. There is some economics implicit in the writings of the Jurists and of the Philosophers but it is not economics *qua* economics, as with the Greeks. Their mission was not cultural or ideal, but political, military and realistic.

The Jurists developed the right of private property and freedom of contract to an unrestrictedly individualistic extent; this was in marked contrast to Grecian conceptions, especially those of Aristotle. "The Roman Law had allowed the utmost freedom of contract in sales; apart from fraud, the two contracting parties were at complete liberty to fix a price at their own risk; and selfishness was assumed and allowed to be the animating motive of every contracting party."⁴⁰ Of this Law and its economic significance Marshall has remarked:

... to Roman and especially Stoic influence we may trace indirectly much of the good and evil of our present economic system: on the one hand much of the untrammelled vigour of the individual in managing his own affairs; and on the other not a little harsh wrong done under the cover of rights established by a system of law, which has held its ground because its main principles are wise and just.⁴¹

By the time of Diocletian the concept of a just or *verum pretium* arose. In fact, the Emperor attempted to fix such a price on the basis of customary costs of production. This shows some tendency toward introducing ethical considerations, and toward a limitation of freedom of contract during the later years of the

Empire.⁴²

When the philosophers of Rome alluded to the economic, it was always the ethics of political economy that they chose as their theme. However, unlike the Greeks, one discovers in the writings of Cicero, Seneca, Pliny (elder and younger), Epictetus et al., no economic analysis. They decry luxury, emphasize the beauty of simplicity and the right uses of wealth, censure the growing concentration of wealth and the spirit of self-indulgence then prevalent in Rome.

Aside from their legal conceptions, the Roman contribution to economic thought was negligible.

Early Christianity

Jesus was not primarily concerned with an economic program, nor even a social program, for that matter, because His mission was not one of social improvement but of spiritual redemption. Hence the contention made in some quarters, "that the Gospel contains the solution of all our economic and social problems can be accepted only with certain reservations."⁴³ The Gospel gives us no economics, so-called, and, therefore, does not offer a system which might have become antiquated with the passage of centuries. What Christ did give us was "a series of precepts and counsels, from which human reason could deduce a number of principles of necessary truth, which go to form the major premise of our economic syllogism."⁴⁴

Nevertheless, although Christ did not give us a blueprint for the maximization of the national income, acceptance of His Gospel does imply a radical modification of the spirit, and, therefore, of all human conduct, including, of course, wealth-getting and wealth-using conduct, i.e., economic behavior. Christ established vital norms which are concerned with the economics of human society.⁴⁵ Economics is not the primary concern of the Church of Christ because economics is not primary. But the Church is, of necessity, concerned with economics because one

of her great concerns is morals; and true economics should rest on true morals.⁴⁶ In fact, Vincent McNabb, O.P., has remarked:

The more I study the Bible, and especially that part of it called the Good News (i.e. Gospels), the greater is my wonder that it has not yet found a place, and indeed the first place, in necessary textbooks in schools or Faculties of Economics.⁴⁷

In both the *New Testament* and the writings of the Fathers there is teaching of a rather purely economic character regarding both property and work. There is economic thought, if not economics. It will not be the part of this essay to present a new treatment of all the scholarship on New Testament economic thought. Extensive examination of this subject may be found in the works of the authors cited (*infra*) in the bibliography of this paper. Only such consideration as seems necessary for background and continuity will be presented.

In the Christian teaching economics is subordinated to ethics, of course, but the chief concern of that teaching for the problem of this inquiry is that ethics becomes such a profound economic solvent. "There is neither Jew nor Greek: there is neither bond nor free: there is neither male nor female. For you are all one in Christ Jesus."⁴⁸ To the Stoic conception of a natural equality, Christianity added the revolutionary concept of the Brotherhood of Man in Christ. Man must treat his fellowman as such in his economic conduct as well as in all social conduct.

Come, ye blessed of my Father, possess you the kingdom prepared for you from the foundation of the world.

For I was hungry, and you gave me to eat: I was thirsty, and you gave me to drink: I was a stranger, and you took me in.

Naked, and you covered me: sick, and you visited me: I was in prison, and you came to me . . .

Amen I say to you, as long as you did it to one of these my least brethren, you did it to me.⁴⁹

Bonar notes that the notion of wealth and even of the distribution of wealth with the Christians remains substantially as it was to Plato and Aristotle, and yet he is at pains to underline the real progress, of importance to economics, in the Christian view of the brotherhood of man as it related to wealth-getting and wealth-using.⁵⁰ He remarks:

The features of this ideal which come nearest to the features of the Platonic and Stoic and Aristotelian are superior to their Greek counterparts, partly in the wideness of their application and partly in their warmth of feeling and fullness of detail.⁵¹

And Sir Josiah Stamp is quick to seize upon the implication of this conception for modern economics when he asks:

There is a much more modern test, and it centers around the conception of the brotherhood of man, that all men are spiritually precious or equal, and that Christ lived and died for all. The question to put is therefore: is the economic relationship built on consistent with the spiritual relationship involved by this principle?⁵²

Before proceeding any further it should also be emphasized that the socio-economic ideas contained in the New Testament are not merely scattered maxims but become a unity under the doctrine of the Mystical Body of Christ implied in the foregoing citations.

Anyone who knows anything of Christ and His Gospel knows of His love for the poor. Nothing that is said here is meant to try to explain that fact away or consider it lightly; nevertheless it must be realized that His solicitude was due to the fact that many people were poor because of some injustice done to them, and, further, it was the "poor in spirit" He blessed,⁵³ the man whose spirit is not bound up in riches. Inordinate love of wealth and love of Him are incompatible.⁵⁴ "No man can serve two masters. For either he will hate the one and

love the other: or he will sustain the one and despise the other. You cannot serve God and mammon." ⁵⁵

Riches are a source of temptation; Plato's idea was similar but not identical. In both cases, however, attachment to wealth brings forgetfulness of more basic considerations.

How hardly shall they that have riches enter into the kingdom of God!

For it is easier for a camel to pass through the eye of a needle than for a rich man to enter into the kingdom of God.⁵⁶

Or again: "But woe to you that are rich: for you have your consolation." ⁵⁷

And still further, when He related the parable of the man who stored up, thinking he would live in ease, only to have his soul required of him: "And He said to them: Take heed and beware of all covetousness: for a man's life doth not consist in the abundance of things which he possesseth." ⁵⁸

However, in all this there is no basis for believing that Jesus proposed to array the poor against the rich, or to set one class against the other. His Gospel was for all men; a rich man might be poor in spirit and a poor man covetous. One way of showing detachment from riches is by generous aid to the poor.

Every material thing in a man's life must be subordinated to his eternal destiny and the obligations resulting therefrom, and it is precisely here that the powerful solvent force of the Christian Gospel is so evident. In fact, on this point Richard T. Ely has remarked:

If one out of ten persons who call themselves Christians should actually guide his conduct by the precepts of Christianity, all reforms of a social nature which can now be suggested would be speedily accomplished.⁵⁹

Recognizing the same force the Oxford Conference on Church, Community and State (July, 1937) resolved:

As long as industry is organized primarily not for the service of the community but with the object of producing a purely financial result for some of its members, it cannot be recognised as properly fulfilling its social purpose.⁶⁰

There are those who contend that the economic or material must be completely ignored according to Christian conceptions and that Christianity is inimical to the development of economic life and thinking.⁶¹ Giordani gives them the lie when he declares:

To seek *first* the kingdom of God does not mean that one must seek that *only*. In fact, after that, with the help deriving from it, and almost as the consequence or fruit of its attainment, one must seek the rest. The subordination of the material to the spiritual is crystallized in the Lord's Prayer, in which we pray first, for "Thy Kingdom" and then, as the consequence and direct counterpart of this, we ask for "our . . . bread."⁶²

Christ did not preach "universal impoverishment." He wanted universal brotherhood, universal generosity. "The circulation, redistribution among the many of the wealth accumulated—today we should say invested—for one individual's abuse does not increase poverty; it abolishes it in proportion to the extent of redistribution."⁶³ A Christian, then, may possess property in the fullest sense, but he may not be possessed by it. Riches, honor and pleasures are good in themselves. There is nothing in the Gospel of that dour Puritanism which frowns on innocent amusements.⁶⁴ As Sir Josiah Stamp explains:

When Christ frequently asserts the place of spiritual care as against or superior to material goods (Matt. 4:4; Luke 4:4; John 6:27; etc.), He does not of course condemn the "meat that perishes." There must be an economic system alongside the spiritual kingdom.⁶⁵

The right of private property is recognized, for one of the Commandments is "Thou shalt not covet." Christ used many examples of economic activities without placing any censure

upon them. But while these are always subordinate, they are, nevertheless, not necessarily inconsequential. There are the shepherd and his flock, the sower in the field, the merchant buying pearls, the fisher casting his net, the laborers in the vineyard, and so on. These are normal economic activities. Husslein reminds us that among His closest friends, some, at least, were fairly well to do. The father of John and James was able to employ hired help, and Lazarus was a man of means, while Zaccheus, whose house Our Lord visited, was rich, but if he had wronged anyone he restored him fourfold.⁶⁶ And He assumed (albeit in parable) that negligence about one's possessions was not creditable (Matt. 18:12; Luke 15:4, 8-10). The laborers in the vineyard were asked why they were standing about idle. The parables of the talents, of the unjust steward, and the foolish rich man, all seem to indicate not the intrinsic evil of wealth, but the duty of fidelity, watchfulness, and foresight in its administration. Indeed, then, those who hold that the Christian spirit was absolutely inimical to economic development, as well as the development of economics, would do well to remember that it is not money which is the root of all evil, but the "love of money."⁶⁷

A conception which could not be omitted from even such a summary treatment of Christian economic thought as is essayed here is that of property as a stewardship. This is a notion which is closely related to the idea of riches and wealth already discussed; nevertheless, it is an aspect which deserves separate consideration. The teaching of Christ recognizes no absolute rights in property, i.e., a man may not do as he pleases with what he calls his own. According to this view all things belong to God, and men are only the stewards of them for a time. "It is by divine permission that the particular possessions he enjoys, under a legal title, have come into any man's hands. He may have inherited them or worked for them, but they are his; not absolutely, but committed to him as to a steward."⁶⁸ There is here, then, no room for capricious or arbitrary use of property, to say

nothing of an injurious or oppressive use. Economic phenomena are for the most part social phenomena, and a man must so administer his affairs that they shall not obstruct the general welfare, and, what is more, that they shall be "a channel of Christian benevolence."⁶⁹ As with other Christian conceptions, Stamp focusses our attention on the economic potential of this idea of stewardship when he observes:

... if all who perform economic functions and, on receipt of their economic reward, from whatever the system might be, then become stewards of its disposal, the economic potentiality must be very great.⁷⁰

From the idea of stewardship flows also a similar notion, that of charity. And charity with the Christian is not to be left for organized agencies alone; it can be nothing less than a return to the principles and actions of the Good Samaritan.

Lecky discerns the especial nature of this conception:

Christianity for the first time made charity a rudimentary virtue, giving it a leading place in the moral type, and in the exhortations of its teachers. . . . It effected a complete revolution in this sphere, by regarding the poor as the special representatives of the Christian Founder, and thus making the love of Christ, rather than the love of man, the principle of charity.⁷¹

Also with Christianity, for the first time, labor is not frowned upon. "It was the Church, which, in proclaiming that Christ was the son of a carpenter, and the Apostles were simple workmen, made known to the world that work in honourable as well as necessary."⁷² Not only manual labor but all kinds of labor were thought equally worthy of honor. The man who works primarily with his mind must not despise the manual worker, nor must the manual worker condemn intellectual labor as unproductive.

Leave could not well be taken of economic thought as conceived by early Christianity without a word about the Fathers of

the Church (St. Ambrose (340-397); St. John Chrysostom (347-407); Clement of Alexandria (dec. c. 215); St. Jerome (340-420); St. Basil (329-379); St. Augustine (354-430); and others). While the Fathers were far from being economists, or even from consciously approaching economic questions *qua* economic, nevertheless they do elaborate, interpret and reduce to a policy level the Christian teaching as presented by the Evangelists, even though they do not present anything substantially new from the viewpoint of a student of economic thought.

Some of the Fathers appear almost vehement (at least to the present day reader) in their excoriations of economic injustice. For instance, Furfey cites St. Ambrose as follows:

The story of Naboth is old in time but daily in practice. For who of the rich does not daily covet the goods of others? Who of the wealthy does not strive to drive off the poor man from his little acre and turn out the needy from the boundaries of his ancestral fields? Who is content with his own? What rich man's heart is not set on fire by a neighbor's possessions? ⁷³

Or again, consider St. Jerome, "Opulence is always the result of theft, if not committed by the actual possessor, then by his predecessors." ⁷⁴ Equally blunt is St. John Chrysostom when he almost thunders, "Behold the idea we have of the rich and covetous: they are truly as robbers, who, standing in the public highways, despoil the passerby. They convert their chambers into caverns, in which they bury the goods of others." ⁷⁵ Of these and similar passages Hughes remarks that such were "not capricious flashes of vituperation" but logical, if epigrammatic, epitomizations of a consistent, rounded, single basic principle: "the moral and social necessity of ruling economic appetites by ethical precepts." ⁷⁶

Nevertheless from these passages it must not be thought that the Fathers, any more than did Christ himself, held "this world" essentially evil *in se*. They are not anti-economic, as some his-

torians and economists maintain, but they insist that the economic must be regulated by ultimate considerations. The Church looked upon the pagan world as essentially evil because it was Godless, but it was not opposed to a world freed from paganism and atheism. In fact, the idea of a dual principle of good and evil (Manichaeism) was condemned by the Church. McDowell cites Tertullian who remarks that the "Christians, unlike the hermits of India, did not fly from the world, but took their part, equally with the pagans, in the ordinary business of life."⁷⁷

In conclusion, then, Christian teachings, even those which treat of matters which are economic, seek not to make men better off, so much as better. But who will deny that if all men were better, all men would be better off? There is the Christian touchstone. Woodrow Wilson, somewhat of a student of economics in his early life, puts it:

The sum of the whole matter is this, that our civilization cannot survive materially unless it be redeemed spiritually. It can be saved only by becoming permeated with the spirit of Christ and being made free and happy by the practices which spring out of that spirit. Only thus can discontent be driven out and all the shadows lifted from the road ahead.⁷⁸

And more recently Sir Josiah Stamp in his *Christianity and Economics* (1938), echoes Wilson:

The essence of these ideas is that they are personal and voluntary and not prescribed by any external system or laws, but only by the willing acceptance of Christ's code. No man could be under economic penalty for not following them, but only fall short of divine or spiritual perfection. Nevertheless, if all or the majority of the members of an economic system were actuated by these principles a different set of economic rules and relationships would be possible or emerge naturally.⁷⁹

Medieval Economic Thought

There exists a veritable wealth of scholarship⁸⁰ on medieval and early modern economic thought. Anyone with a knowledge

of history would expect ethical concepts to be quite prominent in this thought; but those familiar with the literature referred to above are aware in a more precise way of the profundity and permeating nature of these concepts in what might be termed medieval economics. As with the treatment of the early Christians, this study is interested only in presenting sufficient data on the economic thought of the Middle Ages to preserve the continuity and to demonstrate the extent of the ethical in the thinking of this period.

The basic principle of medieval culture stressed the eschatological in every aspect of life.

There is no place in medieval theory for economic activity which is not related to a moral end, and to found a science of society upon the assumption that the appetite for economic gain is a constant and measurable force, to be accepted, like other natural forces, as an inevitable and self-evident datum would have appeared to the medieval thinker as hardly less irrational or less immoral than to make the premise of social philosophy the unrestrained operation of such necessary human attributes as pugnacity or the sexual instinct.⁸¹

"The pre-eminence of morality in the domain of economics constituted at the same time the distinctive feature, the particular merit, and the great teaching of the economic lessons of this period."⁸² Gray says that if one word were sought to cover all phases of medieval economic teaching, it would probably be found in the term "justice." "We are brothers and should behave as brothers, respecting each other's rights. . . . No one, under any circumstances, should take advantage of his neighbour. This is the sum and substance of mediaeval economic teaching."⁸³ Of course, there was no separate science of economics as yet. Questions relative to man's social duties were subsumed in a larger body of general duties. Nevertheless, it should not be assumed that this ethico-economics carried with it no development in economic thought. Roll⁸⁴ affirms that the Middle Ages are "now no longer regarded as a complete lacuna"

and Roscher's opinion was that "the scholastics extended their inquiries from the economic point of view further than one is generally disposed to believe; although it is true that they often did so under a singular form. . . ." ⁸⁵ And Haney adds "it is not improbable that the progress made by medieval scholars in economic thought has often been underestimated, largely, no doubt, because their methods and conclusions were so different from those now dominant." ⁸⁶ An age in which the culture was so highly theocentric could not abandon a large sector of human activity to the forces of self-interested acquisitiveness. For the Schoolmen there could exist in mind or in fact no economic world completely severed from ethics and religion (the ethics of the Middle Ages was not only a branch of philosophy but also of theology) because at this time the mutual relations of persons were all important, in contrast to later ages when the self-interested exchange of things became almost paramount. Modern economics is individualist and rationalist; medieval economics was solidarist and based on premises which were absolute. As Gonnard explains:

Cette économie n'est pas individualiste. Elle n'est pas non plus socialiste. . . . L'économie médiévale est une combinaison de croyances morales et d'empirisme. . . . L'espèce humaine fortement conçue dans son unité, comme formant un Corps mystique dont le Christ est la tête. ⁸⁷

The dynamic and solvent force of early Christianity, the subordination of material things to human ideals and yearnings, reaches its full effect at the height of this period, for as Marshall indicates:

. . . the Church was a standing protest against caste exclusiveness. It was democratic in its organization. . . . It was always willing to raise to the highest posts the ablest men, in whatever rank they were born; its clergy and monastic orders did much for the physical and moral well-being of the people; and it sometimes even led them in open resistance to the tyranny of their rulers. ⁸⁸

De Man goes even further when he asserts in his *The Psychology of Socialism* that:

Only in a society where institutions and customs have been permeated with Christian feeling for centuries, can even the lowest and the poorest of the citizens acquire a sense of dignity based upon the conviction that all human beings have a like claim to respect from the community.⁸⁹

The precise delimitation of this economics of the Middle Ages, according to Rambaud, sets it down as an aspect of the virtue of prudence, somewhere between morality, which regulates the conduct of the individual, and politics, which regulates the conduct of the sovereign.⁹⁰

The ground plan of medieval economic thought may be found worked out in the *Summae* of the Schoolmen, especially the *Summa Theologica* of St. Thomas (1225-1274) and the *Summa Moralis* of St. Antonino of Florence, who along with Nicholas Oresme contributed most of the economic thought of this age.

Considering the total quantity of Saint Thomas' writings, or even the size of the *Summa Theologica* alone, the space devoted to economic subjects was relatively small. And Aquinas contributed the most important segment of medieval thought, economic or otherwise. He grafted Catholic principles to the trunk of Aristotelianism and united the two in a synthesis of reason and revelation.

It must not be assumed that St. Thomas set forth only a Utopian blueprint worked out on the metaphysical heights to which his mind could ascend. He advanced a rule of conduct for everyday life, one which was at the same time rational according to Aristotelian philosophy, and in accord with the fullness of the Christian spirit.

Anyone would have to be ill informed to believe that St. Thomas ignored the external world, and was absorbed in

drawing up a plan for the ideal state or a code of the perfect life, without an advertence to the possibility of the plan or code being practicable. Before occupying himself with what ought to be, St. Thomas inquires into what is. And he observes precisely, as a fact of capital importance, the diversity of rules of conduct, of laws, and of institutions.⁹¹

He is, of the medieval "economists," the most systematic and comprehensive in scope.⁹²

With St. Thomas and medieval thinkers the use of wealth was not separated from the definition of it. The concept of wealth included more than past acquisitions; it extended to the nature (ethical) of those acquisitions, to the status and effects of the present holding of that wealth, and to the effects of any future disposition thereof. There is no more of the Roman idea of the *jus utendi et abutendi* surrounding property.

The temporal goods which God grants us, are ours as to the ownership, but as to the use of them, they belong not to us alone but also to such others as we are able to succour out of what we have over and above our needs.⁹³

In this and similar passages the full Christian teaching regarding the stewardship of wealth blossoms forth. Goods or wealth are a means, and, as such, we not only may desire them but must have them for the sustenance of our own body as well as for the relief of our neighbor.

Not all solicitude about temporal things is forbidden, but that which is superfluous and inordinate as stated above. (Q. LV., A. 6)

When our mind is intent on temporal things in order that it may rest in them, it remains immersed therein; but when it is intent on them in relation to the acquisition of beatitude, it is not lowered by them, but raises them to a higher level.⁹⁴

Now this solicitude for wealth may become superfluous and inordinate in three ways:

First, on the part of the object of solicitude; that is, if we seek temporal things as an end. . . . Secondly, solicitude about temporal things may be unlawful, through too much earnestness in endeavouring to obtain temporal things, the result being that a man is drawn away from spiritual things which ought to be the chief object of his search, wherefore it is written (Matth. xiii. 22) that *the care of this world . . . chokes up the word*. Thirdly, through over much fear, when, to wit, a man fears to lack necessary things if he do what he ought to do.⁹⁵

It should be recognized that this conception is far from the sometimes suggested thought that the Schoolmen belittled or despised temporal riches. In fact, in his *The Quintessence of Capitalism*,⁹⁶ Sombart attempted to demonstrate the precise opposite. At least he controverts the idea that the medieval Church was hostile to business enterprise. It was deemed by the medieval writers a sin to conduct oneself in a manner which showed a defective appreciation (to either extreme) of the value of goods. In fact, "the medieval Church has as little sympathy with the fanatics who wished to ignore this world in order to fix their eyes exclusively on the next, as it had with those avaricious and worldly people who ignored the next world in order to fix their eyes exclusively on this."⁹⁷ Liberality was to be sought, avarice and prodigality to be eschewed.

St. Thomas discusses property under the section of the *Summa Theologica* entitled "Of Theft and Robbery." This is not wholly unlike the treatment of some of the socialists, but, of course, the Angelic Doctor differs greatly both in his reasons and his conclusions.

Aquinas finds in favor of private property for reasons similar to those of Aristotle, and it is to be noted that these reasons are economic as well as moral:

. . . it is lawful for man to possess property. Moreover this is necessary to human life for three reasons. First, because every man is more careful to procure what is for himself alone than that which is common to many or to all: since each one

would shirk the labour and leave to another that which concerns the community, as happens where there is a great number of servants. Secondly, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everyone had to look after anyone thing indeterminately. Thirdly, because a more peaceful state is ensured to man if each one is contented with his own. Hence it is to be observed that quarrels arise more frequently where there is no division of things possessed.⁹⁸

And when it comes to the use of property the great Schoolman is equally Aristotelian, but to the natural reasoning of the Philosopher, he adds the exhortation of Christian revelation.

In this respect man ought to possess external things, not as his own, but as common, so that, to wit, he is ready to communicate them to others in their need. Hence the Apostle says (1 Tim. vi. 17, 18): *Charge the rich of this world . . . to give easily, to communicate to others, etc.*⁹⁹

Thus, private property is a necessary institution, but it is to be tolerated as a concession to human frailty, not erected into an end in itself, and its social mission must ever be kept in mind. The condition for its existence is its subordination to ethical sanctions. Property owners are to be considered as more literally property holders, as is evidenced by the whole feudal apparatus. Even the king, who stood at the apex of the whole system, held in the name of God and so gave evidence at his coronation by means of the anointing with oils, pledging, etc. In property, as in most other medieval institutions, rights and obligations are correlative.

From property and wealth to trade and commerce is but a step, and here again the Scholastics test the economic in the white light of the ethical. Commerce was considered legitimate, just as any other pursuit, but, nevertheless, it presented numerous temptations, both to dishonesty and to avarice, and hence must be carefully circumscribed and kept within reasonable

bounds. Aristotle's distinction between natural and artificial chrematistics appears in St. Thomas with his distinction between that trade which is *commutatio rei ad rem*, and *negotiatio*. The former is the natural chrematistics, that which just satisfies needs, while the latter, *negotiatio*, is the artificial exchange for the purpose of gain, usually inspired by the acquisitive spirit.

... the latter is justly deserving of blame, because, considered in itself, it satisfies the greed for gain, which knows no limit and tends to infinity. Hence trading, considered in itself, has a certain debasement attaching thereto, in so far as, by its very nature, it does not imply a virtuous or necessary end.¹⁰⁰

St. Thomas, in this same section, makes allowance for the "gain . . . being directed to some necessary or even virtuous end," in which case it becomes lawful. For instance, a man may seek to acquire enough for his household, for relief of the needy, or he may "take to trade for some public advantage, for instance, lest his country lack the necessities of life, and seek gain, not as an end, but as payment for his labour."

He may not seek gain for itself because that feeds the lust for wealth: "Nevertheless the gain itself may be lawfully intended, not as a last end, but for the sake of some other end which is necessary or virtuous. . . ." ¹⁰¹

The chief idea to be grasped here is that with St. Thomas and the medieval church all gain must be *lucrum moderatum*.¹⁰² Their "excess profits tax" was internal and personal, a self-discipline, as contrasted with an external limit imposed by a civil authority. The fact that gain usually had to be for some pre-conceived end was the equivalent of pre-establishing a cessation point.¹⁰³ Pursuit of gain, with no moral purpose to limit it, makes of gain or profit an infinity. And men gradually give to it the adoration and attention due the Infinite. To paraphrase Hughes,¹⁰⁴ trade, commerce, and other economic activities were considered by the Scholastics to be "walks" of life, not race-tracks or merry-go-rounds.

From trade and commerce the story of medieval economic thought proceeds logically to price, and here is met what is perhaps the most characteristically medieval conception, that of the *justum pretium*: just price as an application of the responsibility of using one's wealth for the common good. It came under that type of justice known as commutative; equal values must be given in exchanges. "There had to be an element of 'justice' in price—an element inhering in the quality of the product and its cost in labor and materials, and bearing a relation to the needs and uses of the purchaser."¹⁰⁵ Knies says that the Church attempted to fix the price of goods in accordance with the cost of production (*Herstellungskosten*) and the consumption value (*Gebrauchswerte*).¹⁰⁶ The capacity for satisfaction of wants to which the medieval just price had to comply was not that of an individual but of the *communis aestimatio*, i.e. the capacity for satisfying the needs of the average member of the community.¹⁰⁷ The additional qualification is to be added, namely that: "... the just price of things is not fixed with mathematical precision, but depends on a kind of estimate, so that a slight addition or subtraction would not seem to destroy the equality of justice."¹⁰⁸ Tawney cites Buridan's conception of the just price as "*secundum utilitatem et necessitatem totius communitatis*," not "*penes necessitatem ementis vel vendentis*."¹⁰⁹ And this *pretium vulgare* did not become the just price simply because it was generally accepted; rather it was generally accepted because it was the just price.¹¹⁰ *Caveat emptor* and *caveat venditor*, charging what the traffic would bear, etc., were not medieval dicta. In fact, the medieval canon allowed no taking advantage of the extremity of one's neighbor, whether buyer or seller, or vice versa. Regrating, forestalling, and engrossing were all prohibited. As Seligman notes, "it would have seemed preposterous for the producer to ask as much as he could get, or, on the contrary, to demand less than his neighbor, and thus undersell him."¹¹¹ In St. Thomas' conception:

... if either the price exceed the quantity of the thing's worth, or, conversely, the thing exceed the price, there is no longer the equality of justice: and consequently, to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful.¹¹²

And further:

... if the one man derive a great advantage by becoming possessed of the other man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because the advantage accruing to the buyer, is not due to the seller, but to a circumstance affecting the buyer. Now no man should sell what is not his, though he may charge for the loss he suffers.¹¹³

This idea of a *justum pretium* should not appear too unusual to a world which has experienced war-time price control based upon the principle that peoples should not be exploited by market conditions beyond their control.

A word now about the medieval ideas on just wages and interest rates, since these are only other facets of the gem that was the concept of the *justum pretium*. It will have been noted above that prices depended on costs, and labor costs or wages were the first charge on a producer. The *communis aestimatio* with regard to wages was determined by the customary cost of living of the laborer.¹¹⁴

Interest was, in general, forbidden, because in most loans money was not looked upon as productive, and, further, the idea of refraining from taking advantage of a brother's distress persisted through most of the period. Nevertheless, Aquinas made adequate exceptions, such as *damnum emergens*, in which case a charge might be made if the lender suffered loss.¹¹⁵ And how advanced this next statement of St. Thomas sounds:

On the other hand he that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer the ownership of his money to them, for it remains

his, so that at his risk the merchant speculates with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from his money.¹¹⁶

To the medieval thinker there had to be an actual risk (*periculum sortiris*), or a loss incurred, before taking interest was allowed. The degree to which the ideas on interest were put into practice is contested in the literature on the subject, but Ashley denies that Canonist doctrine was just idle and elaborate metaphysical web-spinning when he maintains, "On the fundamental points of usury and just price, commercial law in the later Middle Ages adopted completely the principles of the Canonists."¹¹⁷ "We may fairly say that these methods satisfied business needs, and that there was no strong demand on the part of those engaged in trade for the repeal of the usury prohibition. . . . So far as wealth was intended to serve as capital, it found ways open for its employment—ways which were adequate for the time, and against which the Canonists had not a word to say."¹¹⁸

In a study of this type, the significance of medieval institutions, some economic, others only with economic aspects, must not be overlooked because these were for the most part informed and inspired by the economic ethic of the period. The first of these institutions is monasticism, of which Marshall, quick to see the economic blended with the ethical, observed:

The monasteries were the homes of industry, and in particular of the scientific treatment of agriculture: they were secure colleges for the learned, and they were hospitals and alms-houses for the suffering. The Church acted as a peacemaker in great matters and in small: the festivals and the markets held under its authority gave freedom and safety to trade.¹¹⁹

In a similar vein the non-Catholic economist Cunningham writes:

We are so familiar with the attacks and satires on monastic life that were current at the Reformation period, that it may seem almost a paradox to say that the chief claim of the monks to our gratitude lies in this, that they helped to diffuse a better appreciation of the duty and dignity of labour. By the "religious," manual labour was accepted as a discipline which helped them to walk in the way of eternal salvation; it was not undertaken for the sake of reward, since the proceeds were to go for the use of the community or the service of the poor; it was not viewed as drudgery that had to be gone through from dread of punishment. There was neither greed of gain nor the reluctant service of the slave, but simply a sense of a duty to be done diligently unto the Lord.¹²⁰

Another such institution was the Guilds, to which J. M. Clark refers as "moralized communities."¹²¹ Ingram acknowledges that: "The corporations also encouraged good moral habits through the sort of spontaneous surveillance which they exercised, and they tended to develop social sentiment. . . ." ¹²² They may have been monopolies, but always in the public or wider group interest. The guildsman had status and could not be economically deracinated. The guild fostered widely distributed ownership and the organic nature of this method of economic organization helped foster a sense of social responsibility. They had fraternal and religious ends, trained men in business ethics, and harmonized the interests of producer and consumer. Haney goes so far as to maintain that the guilds, along with other medieval institutions, "preserved the seeds of individual freedom, which, in conjunction with the idea of social order and the reign of law, were to develop into a social science." ¹²³ The significance, for this essay, of the pervasive nature of the ethical in these institutions is that they were animated by the same spirit which was expressed in the various *Summae* and the *Corpus Juris Canonici*.

Perhaps that other economic institution, Feudalism, is both underestimated and misunderstood by modern students in their stress on personal liberty. The serf was, of course, bound to the land and not to the person, and Christianity could tolerate no

such absolute right over his body as used to prevail with the slaves of the ancients. However, during the feudal period justice occupied the place liberty occupies in later times:

Except perhaps in the service of the Church men did not expect to rise far above the status in which they were born. The serf was content to remain a serf. But all men were very sensitive about their rights. The whole feudal system was a vast complex of mutual rights and duties. The stability of society demanded that these rights and duties should be scrupulously observed.¹²⁴

Of course, only an ethical conception of economic life would evolve such an institution out of the exigencies faced by the early Middle Ages.

It would be too serious an omission not to mention, at least, the *Corpus Juris Canonici*, coordinated and systematized by Gratian of Bologna about the middle of the twelfth century. The unusual feature about the Canon Law is that it provided "a common code with similar tribunals for the whole of Western Christendom, dealing not merely with strictly ecclesiastical affairs, but with many matters that we should regard as economic, such as questions of commercial morality, and also with social welfare as affected by the law of marriage and the disposition of property by will."¹²⁵ Indeed, Ashley contends that by the fifteenth century the canon law "marked the appearance, for the first time in literature, of a complete and systematic economic doctrine,—a body of teaching with interconnected parts, and touching every side of the economic life of the time."¹²⁶ The insistence of Canon Law on Christian brotherliness was social-minded, in marked contrast with the property and individualistic stress of Roman law.

Of the remaining Schoolmen, two others, Nicholas Oresme and St. Antonino of Florence, are of interest for this study. Nicholas Oresme, Bishop of Lisieux (? 1320-1382), flourishing as he does just about a century after St. Thomas, must be alluded

to here because his work, *De Origine, Natura, Jure et Mutationibus Monetarum* (c. 1373), is one of the earliest examples of a purely economic monograph.¹²⁷

Nevertheless, even in this treatise, which is *ex professo* economic, and in which a great deal of the reasoning is highly practical in a material sense, Oresme is vigorous in his denunciation of any debasement of the currency. He calls a prince who does this a liar, a perjurer, a bearer of false witness. "The gain which flows from such practices is not merely dishonest, it is also unnatural."¹²⁸ His social stress is exemplified by the fact that, according to his thinking, no changes may be made in the money at the mere injunction of the sovereign. Any change "must be accomplished *per ipsam communitatem*. The prince exercises the functions of the community in the matter of coinage not as *principalis actor*, but as *ordinationis publicae executor*."¹²⁹

St. Antonino (1389-1459), fully a century and a half after St. Thomas, represents the late Middle Ages. He was Archbishop of Florence from 1446 until his death in 1459. He studied the *Corpus Juris Canonici* and the *Summa Theologica*, and gave us a new work and a new approach with his *Summa Moralis*. He was the first author to separate ethical from dogmatic theology.¹³⁰ Although in many phases his thought parallels that of St. Thomas, Tawney is of the opinion that he was "far more complex and realistic than St. Thomas."¹³¹ Such may be the case, but his economics is strongly ethical. "Production is on account of man, not man of production."¹³² Further it should be noted that St. Antonino lived at a time when medieval ethico-economic conceptions were beginning to disintegrate, and the following passage cited by Jarrett from the Saint's work indicates this, and also epitomizes the approach and content of his work:

And when the time comes, as come it will, when society as a whole recognizes that big fortunes and starvation are alike intolerable and must be put an end to, God grant it may dis-

cover at the same time that the mad rush for wealth is folly and sin, and that a life of greater leisure in which to cultivate the higher faculties of our being and the sweeter and finer sides of our total experience is infinitely to be preferred to the life of fever and tumult, and of base and sordid values, that so many of us are living now.¹³³

The panorama of medieval economic ethics has been exhibited in these pages; it has not been the intention of this presentation to idealize unduly and in an unrealistic fashion that economic thought, but it may be said, as indeed Tawney did, that although there were sometimes grave defects, vices in high places, etc., "it is not less important to observe that men called these vices by their right names, and had not learned to persuade themselves that greed was enterprise and avarice economy."¹³⁴

In the Middle Ages order was given greater emphasis than expansion; the objective economic forces were not subjected to such a close and detailed analysis as in later centuries. But the existence of economic forces was understood well enough to lead medieval thinkers to see the danger of allowing unscrupulous or asocial persons the opportunity of manipulating these forces. "They did not presume to curb the operation of natural forces, but they did claim to regulate in the name of reason and Revelation, the human reactions towards them."¹³⁵ An ethical and an economic canon were usually joined. The avaricious man endangered his own soul by overemphasizing wealth, but the community was also injured by his "engrossing" too large a share of that wealth. At the other extreme, the prodigal usually met with the occasion of various sins of intemperance and "impoverished the community by wasting in reckless consumption wealth which might have been devoted to productive or charitable purposes."¹³⁶ And, of course, the mean virtue between these extremes of avarice and prodigality, namely, *liberalitas*, had not the significance of the English word "liberality," but meant right use. In a word, economic criteria are not denied but they are not allowed to become dominant.

The French historian Blanqui, an extreme Protestant controversialist and apologist for the Reformation, pays tribute to the effectiveness of the ethical aspect of medieval economic thought when he observes:

I cannot help acknowledging that, if the former catholicism did not know how to put itself at the head of the production of wealth, we cannot reproach it with that barrenness of doctrines, in virtue of which distribution takes place in a manner so little equitable in protestant countries.¹³⁷

The Middle Ages achieved a synthesis between matter and spirit, as perhaps has no other age in history, a synthesis exemplified no less in economic life than in the other phases. In economics, which deals so largely in questions of conduct and behavior, this synthesis manifests itself in an ethico-economic dualism which characterizes practically all the economic thinking of that age. Gide and Rist point up this conclusion by saying that:

The problem is, of course, somewhat different to-day, but its solution may possibly require the exercise of similar virtues, namely, obedience to a detailed system of organisation coupled with a feeling of brotherhood—the chastening of the whole complexity of social relations by the spirit of Christianity.¹³⁸

And J. B. Clark has no hesitancy in recommending what Gide and Rist only suggest:

The ethico-economic fact of the medieval period, and, let us hope, of the coming period, is the recognition of the duty of all to conform to the standard of justice thus established.¹³⁹

FOOTNOTES CHAPTER II

1. Lewis H. Haney, *History of Economic Thought*, p. 72.
2. Albert A. Trever, *A History of Greek Economic Thought*, p. 11.

3. Loc. cit.
 4. M. L. W. Laistner, *Greek Economics*, p. xii.
 5. James Bonar, *Philosophy and Political Economy*, p. 5.
 6. Alexander Gray, *The Development of Economic Doctrine*, p. 14.
 7. Haney, *op. cit.*, p. 72.
 8. John K. Ingram, *A History of Political Economy*, p. 12.
 9. Plato, "Laws," Bk. V, *The Works of Plato*, pp. 438-439. Jowett Translation, Tudor Publishing Co., N. Y.
 10. Bonar, *op. cit.*, pp. 11-12.
 11. Plato, "Republic," Bk. V, *The Works of Plato*, p. 198. Jowett Translation, Tudor Publishing Co., N. Y.
 12. *Ibid.*, Book II, p. 62.
 13. *Ibid.*, Bk. IV, pp. 135-136.
 14. Plato, "Laws," Bk. V, *op. cit.*, pp. 437-438.
 15. *Ibid.*, p. 438.
 16. Ingram, *op. cit.*, p. 13.
 17. Alban de Villeneuve-Bargemont, *Histoire de l'économie politique*, p. 157.
 18. Haney, *op. cit.*, p. 71.
 19. Bonar, *op. cit.*, p. 35.
 20. Eric Roll, *A History of Economic Thought*, p. 23.
 21. Trever, *op. cit.*, p. 90.
 22. Bonar, *op. cit.*, p. 35.
 23. Aristotle, *Politics*, Bk. III, Ch. 9, p. 142. Modern Library Ed.
 24. ———, *Nicomachean Ethics*, Bk. I, 5, p. 6. Everyman's Library Ed.
 25. Trever, *op. cit.*, p. 105.
 26. Aristotle, *Politics*, Bk. I, Ch. 9, pp. 69-70. Modern Library Ed.
 27. *Ibid.*, pp. 67-68.
 28. *Ibid.*, Bk. II, Ch. 5, pp. 88-89.
 29. Trever, *op. cit.*, p. 121.
 30. Roll, *op. cit.*, p. 27.
 31. Trever, *op. cit.*, p. 84.
 32. Aristotle, *Politics*, Bk. I, Ch. 10, p. 71. Modern Library Edition.
 33. Trever, *op. cit.*, p. 130.
 34. Villeneuve-Bargemont, *op. cit.*, p. 150.
 35. Xenophon, *Oeconomicus*, p. 367.
 36. *Ibid.*, p. 369.
 37. Laistner, *op. cit.*, p. xxix.
 38. *Ibid.*, p. 50.
 39. Trever, *op. cit.*, p. 18.
 40. George T. O'Brien, *An Essay on Medieval Economic Teaching*, p. 104.
- In fact, the idea, caveat emptor, is a contribution, if such it may be called, of Roman economic thought.
41. Alfred Marshall, *Principles of Economics*, 8th ed., p. 733.
 42. Haney, *op. cit.*, p. 82.
 43. Charles P. Bruehl, *The Pope's Plan for Social Reconstruction*, p. 286.
 44. Patrick McDowell, *The Church and Economics*, p. 11.
 45. Henry Schumacher, *Social Message of the New Testament*, p. 87.
 46. Vincent McNabb, O. P., *Old Principles and New Order*, p. 3.
 47. *Ibid.*, p. 14.
 48. *Galatians*, 3:28.
 49. *Matthew*, 25:34-40.
 50. Bonar, *op. cit.*, p. 53.
 51. Loc. cit.
 52. Josiah Stamp, *Christianity and Economics*, p. 34.

53. *Matthew*, 5:3.
54. McDowell, *op. cit.*, p. 22.
55. *Matthew*, 6:24.
56. ———, 19:23-24.
57. *Luke*, 6:24.
58. ———, 12:15.
59. Richard T. Ely, *Socialism and Social Reform*, p. 260.
60. Cited, Stamp, *op. cit.*, p. 122.
61. Frank H. Knight and Thornton W. Merriam, *The Economic Order and Religion*. Cf., section written by Knight, *passim*.
62. Igino Giordani, *The Social Message of Jesus*, p. 20.
63. *Ibid.*, p. 301.
64. Paul H. Furfey, *A History of Social Thought*, p. 114.
65. Stamp, *op. cit.*, p. 26.
66. Joseph J. Husslein, *Bible and Labor*, p. 173.
67. Cf. 1 Tim. 6:10. "For the desire of money is the root of all evils: which some coveting have erred from the faith, and have entangled themselves in many sorrows."
68. W. Cunningham, *Modern Civilization in Some of Its Economic Aspects*, p. 195.
69. Francis G. Peabody, *Jesus Christ and the Social Question*, p. 208.
70. Stamp, *op. cit.*, p. 111.
71. W. E. H. Lecky, *History of European Morals*, Vol. II, p. 79.
72. O'Brien, *op. cit.*, p. 139.
73. Furfey, *op. cit.*, p. 159.
74. Cited, Emmet J. Hughes, *The Church and the Liberal Society*, p. 10.
75. *Ibid.*, p. 11.
76. *Loc. cit.*
77. McDowell, *op. cit.*, p. 65.
78. Woodrow Wilson, *The Road Away from Revolution*, pp. 12-13.
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79. Stamp, *op. cit.*, p. 32.
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89. Henry DeMan, *The Psychology of Socialism*, p. 115.
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92. Amintore Fanfani, *Catholicism, Protestantism and Capitalism*, p. 120.
93. St. Thomas Aquinas, *Summa Theologica*, II, ii, Q. 32, Art. 5.
94. *Ibid.*, II, ii, Q. 83, Art. 6.
95. *Ibid.*, II, ii, Q. 55, Art. 6.
96. Werner Sombart, *The Quintessence of Capitalism*, p. 248.

97. George A. T. O'Brien, *An Essay on the Economic Effects of the Reformation*, p. 6.
98. St. Thomas Aquinas, *op. cit.*, II, ii, Q. 66, Art. 2.
99. *Loc. cit.*
100. *Ibid.*, II, ii, Q. 77, Art. 4.
101. *Loc. cit.*
102. John A. Ryan, "The Economic Philosophy of Aquinas," in Robert E. Brennan, *Essays in Thomism*, p. 255.
103. Hughes, *op. cit.*, p. 12.
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105. Charles A. Beard, *The Open Door at Home*, pp. 147-148.
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109. Tawney, *op. cit.*, fn. 54, p. 40.
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111. Edwin R. A. Seligman, "Continuity of Economic Thought," in *Science Economic Discussion*, p. 6.
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115. St. Thomas Aquinas, *op. cit.*, II, ii, Q. 78, Art. 2.
116. *Loc. cit.*
117. Wm. Ashley, *An Introduction to English Economic History and Theory*, Part II, p. 384.
118. Cited, Ryan, *op. cit.*, p. 259, from Ashley, *English Economic History*, Vol. II, pp. 435-438.
119. Marshall, *op. cit.*, p. 737.
120. W. Cunningham, *An Essay on Western Civilization in Its Economic Aspects*, Book IV, p. 35.
121. John M. Clark, "Adam Smith and the Spirit of '76," in Carl L. Becker, *The Spirit of '76 and Other Essays*, p. 63.
122. Ingram, *op. cit.*, p. 29.
123. Haney, *op. cit.*, p. 108.
124. Furfey, *op. cit.*, p. 169.
125. Cunningham, *op. cit.*, p. 67.
126. Ashley, *op. cit.*, p. 379.
127. Cf. O'Brien, *op. cit.*, pp. 214; 217-218. Roscher, Espinas, Cunningham, Brants and Macleod are cited as having held this opinion.
128. Gray, *op. cit.*, p. 63.
129. O'Brien, *op. cit.*, pp. 220-221.
130. Bede Jarrett, *S. Antonino and Mediaeval Economics*, pp. 82-83.
131. Tawney, *op. cit.*, p. 17.
132. Cited, Jarrett, *op. cit.*, p. 58.
133. *Ibid.*, p. xvi.
134. Tawney, *op. cit.*, p. 61.
135. McDowell, *op. cit.*, p. 125.
136. O'Brien, *op. cit.*, p. 78.
137. Jérôme A. Blanqui, *History of Political Economy in Europe*, p. 228.
138. Charles Gide and Charles Rist, *A History of Economic Doctrines*, p. 497.
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CHAPTER III

THE TRANSITIONAL PERIOD

... the age of chivalry is gone. That of sophisters, economists, and calculators has succeeded; and the glory of Europe is extinguished forever.

EDMUND BURKE (1790) ¹

* * * *

Le Mercantilisme: Le Triomphe de Plutus.²

THE TWO CITATIONS above give adequate epitomization to the period which is next to be discussed. It is one of transition, a period which, as it were, erects a bridge between medieval and modern economic thought. There are at least three dominant stresses in this period: (1) Mercantilism; (2) The Reformation in general and (3) Calvinism and Puritanism in particular. These three strains of thought, as well as their accompanying movements, and especially the influence of the Reformation movements on, and their relationship to, subsequent economic thought and policy, constitute the channels through which the stream of economic thought flows on its way out to the wide wild sea of late eighteenth, and nineteenth century Liberalism.

This period is the sprouting time, as the late Middle Ages

were the seed time of capitalism³ and the capitalist spirit. By an economic spirit is meant "that complex inner attitude, conscious or subconscious, in virtue of which a man acts in a certain determined manner in business matters."⁴ That spirit is peculiarly capitalistic which rationalizes economic life and erects that rationalization into an ethos. "Since the capitalist's moral code does not impose any limitation on the use of lawful and useful means, the primary characteristic of the capitalistic spirit is the unlimited use of all means of acquiring wealth that are held to be morally lawful and economically useful."⁵ The pre-capitalist is not concerned with that ever-unquenched thirst for something that will bring increasingly greater returns; for the capitalist era acquisitiveness is not the mark of a few isolated individuals but sets the general tone of society. Capitalism does not deny the existence of other orders beside the economic, but it does not allow them to influence it. The only criteria of capitalism in the last analysis are economico-individual criteria.

Mercantilism is merely the economic aspect of national state building; the aim is political, the means are economic. Much of the Mercantilist apparatus is animated by a non-capitalist spirit but, nevertheless, this apparatus protects and fosters economic agencies already inspired by a capitalistic spirit. Mercantilism removes the medieval restrictions, only to substitute restrictions of its own; these are, however, more rational in the utilitarian sense. It provides the conceptual and institutional framework accompanying, but not necessarily causing, the almost unprecedented changes engendered by the great Commercial Revolution of the fifteenth to seventeenth centuries.

Mercantilism in the first stage, therefore, simply transfers the idea of social control from the church to the state in the economic realm. It is, of course, a momentous transference. For the motive of state-action is no longer the good life, but the attainment of wealth, the enactment, by legislation, of the conditions that will make for wealth.⁶

Mercantilism, or national economy, was a sort of halfway stop on the highway leading to individualistic liberalism. Hughes likens its function with respect to medieval economic thought to the function of deism with respect to theism. Both were useful to launch attack on what had preceded and to prepare the way for the future.⁷

The diverse economic interests were continually in competition to win the favor of the state in order to insure that the regulation under Mercantilism would be acceptable to them. And the welfare of the state was conceived as materialistic (in the popular, not the philosophic sense of that term).

Adverting more particularly to the specific problem of this essay, Heckscher, in his monumental work, *Mercantilism*, concludes that:

The point in which the breach between mercantilism and the medieval outlook was widest and most decisive was certainly in the domain of the ethical. We may say that the mercantilists were amoral in a twofold sense, both in their aims as also in the means for the attainment of their end.⁸

And

In the course of time the mercantilist tendency grew more and more predominant. Ethical considerations disappeared entirely from many parts of the literature and in their place there appeared an amoral, if not immoral, demand for stimulation of native luxury production at any price and the obstruction of foreign sales.⁹

To list some examples of Mercantilist thinking: there was no longer concern as to whether interest was permissible or not, but, rather, the question of its economic effects was primary. The English pamphleteers estimated the number of days lost to industry through the holy days and proposed doing something about the problem. Sir William Petty suggested the substitution of compulsory labor for all other kinds of legal penalties, since

this would increase public wealth. Colbert advised Louis XIV to put a check on the number of people becoming monks and nuns, and to provide that those who received state aid of any kind had to promise that their children would not thus further decrease the labor supply by entering monasteries.

Luxury and excesses had been frowned upon by medieval thinkers while on the other hand "mercantilism rejected in principle any ethical attitude towards luxury. The only consideration that carried weight was how far a particular measure furthered or obstructed economic life in the direction which mercantilism tried to lead it."¹⁰ Economic man is fast overtaking spiritual or ethical man, so that "Au commencement du seizième siècle, l'économie politique était donc encore toute pratique, et subordonnée, dans sa direction morale, aux vertus et aux lumières des rois et de leurs ministres."¹¹ No longer is the economic writing done by philosophers, jurists, theologians; it is found in the practical pamphlets of merchant princes and contains not a little of what might be termed "national selfishness."¹²

Nothing contributes so much to an understanding of mercantilist thought and the whole transition period than to note the points of contrast between it and that of the Middle Ages. In the transition period production and exchange precede consumption; men seem to exist for wealth, the wealth of the state. The phrase "Business is business" sums it; Gonnard catches its spirit when he explains:

Dans son ensemble, la doctrine mercantiliste s'oppose à la doctrine économique médiévale, de la même manière que l'esprit de la Renaissance s'oppose à celui de la scolastique, et celui de la monarchie absolue à celui de la féodalité.¹³

The early French Mercantilist, Antoine de Montchrétien, in his *Traicté de l'économie politique* (1615), at first reflected the old and primarily moral type of economic thought. "The State is the King, and while the King ought to 'regard nothing except

the welfare, repose and contentment' of his people (p. 338), this is thought of from the King's end, so to speak. It is not that the people must have a good king who will serve them well, but the King must do his best for them, so that he may have a good reputation on earth and escape 'eternal damnation' when he dies (p. 340)."¹⁴ Montchrétien later adopted a new view, however. At first he had frowned on luxury as effeminate, brazen, demoralizing, but finally arrived at the point of encouraging it where it promoted French industries, which, incidentally, is typically Mercantilist thinking.¹⁵

Cameralism need not detain this account very long, for "it was an administrative technology" and "not an inquiry into the abstract principles of wealth, in the Smithian sense."¹⁶ There was little or nothing of the philosophic about it; it came nearer to being public finance than it did economics.

Even the following isolated and semi-teleological citation from Seckendorf's *Der Christen Stat* is predominantly Mercantilist:

"From Christianity, or from Christian love, flows the provision of God-fearing rulers that their subjects shall have all possible encouragement and success in their livelihood and occupations, that their numbers shall increase rather than diminish, because the greatest treasure of the country consists in the number of well-nourished people; and to that end not merely external peace and the moderation of the governing power in collecting taxes, etc., are useful, . . . but every other good institution which governments may adopt whereby means of livelihood may be assured to the people, and multiplied in reliable ways, for the more important Christian purpose that they may have something to give to the needy and thus may be and remain able to provide for the support of the community (*Gemeinen Wesens*) and the care of the poor and the needy."¹⁷

Since Mercantilism is no real system of economic theory, not too much time need be spent with it. Each author seems to have his own characteristic arsenal of phrases for catching up

the spirit of this period. Gray very successfully illustrates it by his critical observation that "In bustling too much, one forgets that the purpose of labour is rest, that wealth exists to be consumed, that man's chief end is to glorify God and enjoy Him forever." ¹⁸ Such sentiments were becoming increasingly alien to the thinking of this transitional period. Some reasons for this will be seen below.

The Protestant Reformation

On pourrait presque dire, telle religion tel système économique.¹⁹

The term Reformation, as used here, needs definition. There was really a dual manifestation, a reformation of discipline by the Council of Trent, and of faith by the Reformers. This latter rupture was so violent in scope and consequences that it has been termed a revolt by historians.

The Protestant Revolt broke the medieval Catholic unity, and by this action, as well as by its positive philosophy, prepared the way, though for the most part unintentionally and not immediately, for the later insulation of economics against any ethical or religious criteria. The so-called Reformation in the sixteenth century begins the process, the seventeenth century Puritanism continues it, and by the late eighteenth century full blown Liberalism has won the day. Indeed, a real change could not have come without a change in the dominating ethic because it is but logical to conclude that a culture such as the medieval could not change fundamentally so long as the religion on which it was based remained unchanged. And since, as we have seen, the Church and its teaching were the very backbone of medieval life, the repudiation of its religious authority made possible, later justified, and, in a sense, eventually made necessary some substitute for its economic and social principles.

The social functions matured within the Church, and long identified with it, are transferred to the State, which in turn is idolized as the dispenser of prosperity and the guardian of civilization. The theory of a hierarchy of values, embracing all human interests and activities in a system of which the apex is religion, is replaced by the conception of separate and parallel compartments, between which a due balance should be maintained, but which have no vital connection with each other.²⁰

Tawney and Fanfani agree that the first faint beginning of this general attitude can be detected already in the late Middle Ages, and traces of reversions to an earlier mode of thinking still exist at the end of the seventeenth century. The two centuries, 1500-1700, achieve, if such be the word, quite a chasm in the whole approach to economic affairs. At the beginning of the period economic questions are still viewed in the light of morality and religion; at the end they are primarily questions of expediency.

Probably the two basic tenets at the root of Protestantism are (1) the concept of the individual interpretation of the Scriptures, "every man his own Pope," and (2) the idea of justification by faith alone, or, primarily, without good works. The principle of individual interpretation is a two-edged sword; it is not many decades before the sects multiply, indifferentism sets in, and individualism in economic life is not too far removed from individualism in religious dogma.

While rival authorities were discussing the correct interpretation of economic ethics, the flank of both was turned by the growth of a powerful body of lay opinion, which argued that economics were one thing and ethics another.²¹

Eventually, as a diversity of sects ensues, there is no alternative but the substitution of the state for the church as the final arbiter of ethico-economic issues. "By denying that there was no salvation outside the church, it (the Protestant Reformation) left no authority save the state capable of controlling the conduct of the

individual.”²² Of course, the motive of state control in this era could be summed up in the term Mercantilism; it was not that of Scholasticism. Eventually the state itself is rejected and *laissez-faire* (individual interpretation in economic matters) has its day.

In a similar vein runs Weber's thesis regarding the import of the Reformation for economic thought:

... a difference of character between the English merchant adventurers and the old Hanseatic merchants is not to be found; nor can any other fundamental difference between the English and German characters at the end of the Middle Ages, which cannot easily be explained by the differences of their political history. It was the power of religious influence, not alone, but more than anything else, which created the differences of which we are conscious today.²³

These two ideas of the Reformation, salvation by faith alone and individual interpretation of the Bible, had subtle strange elaborations through the generations that were to follow Luther and the Reformers, and even in Luther's own lifetime. He had written to Melanchthon in 1521: “‘God does not save those who merely fancy themselves sinners. Be a sinner and sin boldly, but believe more boldly still.’” (Grisar, “Briefwechsel,” III, p. 208)²⁴ The idea of justification by faith alone had as its counterpart the idea of the Church as an institution concerned exclusively with the religious life of its members. Whether Luther realized this or not, he did write later:

“That we are now so lazy and cold in the performance of good works is due to our no longer regarding them as a means of justification. . . . We teach that we attain to God's grace without any works on our part. Hence it comes that we are so listless in doing good.” (Grisar, Luther, Volume IV, p. 210-212)²⁵

One is not, then, surprised to learn that the French Socialist, Louis Blanc, should have said that modern individualism had been inaugurated by Luther.

Luther of course, had his teachings on socio-economic morality, but apparently Tawney is not too well impressed by them:

Luther's utterances on social morality are the occasional explosions of a capricious volcano, with only a rare flash of light amid the torrent of smoke and flame, and it is idle to scan them for a coherent and consistent doctrine. Compared with the lucid and subtle rationalism of a thinker like St. Antonino, his sermons and pamphlets on social questions make an impression of naiveté, as of an impetuous but ill-informed genius, dispensing with the cumbrous embarrassments of law and logic, to evolve a system of social ethics from the inspired heat of his own unsophisticated consciousness.²⁶

And in the mid-nineteenth century Jerome Blanqui, an apologist for the Reformation, was to declare:

Unfortunately, protestantism, so successful in multiplying wealth, has not yet found the secret of distributing it with impartiality among the classes which produce it. It has broken the bond which united Christian nations, and substituted national egoism for the universal harmony to which catholicism was tending. There is no longer any common thought in Europe to-day in a position to rally minds and convictions.²⁷

The whole fabric of modern life is secular; society has become increasingly sterilized of religion as a dynamic force. The secularization of modern life is a too obvious point to be labored further. The less well-realized fact is that this secularism is comparatively new in the history of the world.²⁸ In conclusion, then, the Reformation effected, however unwittingly, the splitting-off of man's relationship to his fellowman, especially in the socio-economic realm, from the effective dominion of religion.

The criticism which dismisses the concern of Churches with economic relations and social organization as a modern innovation finds little support in past history. What requires explanation is not the view that these matters are part of the province of religion, but the view that they are not. When the Age of the Reformation begins, economics is still a branch of

ethics, and ethics of theology. . . .

The secularization of political thought which was to be the work of the next two centuries, had profound reactions on social speculation. . . . Religion has been converted from the keystone which holds together the social edifice into one department within it, and the idea of a rule of right is replaced by economic expediency as the arbiter of policy and the criterion of conduct.²⁹

Nothing said here is to be taken to mean that the Reformers are believed to be in any way lax in commercial morality or even desirous of procuring the results which were more or less the inevitable concomitants of their individualism in religion: ". . . the cultural consequences of the Reformation were to a great extent, perhaps in the particular aspects with which we are dealing predominantly, unforeseen and even unwished-for results of the labours of the reformers."³⁰

Professor Troeltsch insisted that Protestantism, as Catholicism, maintained the idea of a church civilization, a theocentric society to which all phases of life were to be subordinated.³¹ Tawney also is of similar opinion:

. . . however Catholics, Anglicans, Lutherans, and Calvinists may differ on doctrine or ecclesiastical government, Luther and Calvin, Latimer and Laud, John Knox and the Pilgrim Fathers are agreed that social morality is the province of the Church, and are prepared both to teach it, and to enforce it, when necessary, by suitable discipline.³²

Fanfani echoes these writers when he notes: "That Catholic teaching is reiterated by Protestants is indisputable; we find that this is the case even in those expressions in Baxter, in which Weber sought to find a departure from the Catholic attitude."³³

At the same time, the Reformers must be held accountable for all the necessary consequences attaching to their disrupting the bond of Christian unity, however much these may not have been apparent in their day. It was inevitable that after a certain lapse of time (after the Civil War in England, for example) a

single Christian standard of economic conduct should be impossible, since there would no longer exist any such common standard which could be enforced by any one Church.³⁴

Even earlier, in the sixteenth century, when there was little to choose between Protestant and Catholic teaching on economic questions, the reformed churches had at their disposal for the enforcement of dogma neither the strong sanction nor the elaborate ecclesiastical organization that the Church of Rome retained.³⁵

Luther, indeed, excoriates the separation of ethics and economic life in a fashion hardly less bitter than his denunciation of Rome.

O'Brien remarks that, for instance,

On such matters as usury and fixed prices, Luther harked back to the harsh and unbending standards of the early Middle Ages, and refused to consider the refinements which the later scholastics had introduced in order to facilitate the development of the new movements in commerce and industry that were beginning to appear in the fifteenth century.³⁶

But the logic of Luther's individualism was more inexorable than the warmth of his attachment to a bygone social ethic, and it helped sow the seed of secularism in the rising bourgeois society.

Nor is Calvin, whose views were widely divergent from those of Luther in almost every other respect, guilty of any intentional laxity in economic ethics: "Calvin and Beza . . . had sought to make Geneva a pattern not only of doctrinal purity, but of social righteousness and commercial morality. Those who had drunk from their spring continued, in even less promising environments, the same tradition."³⁷

Richard Baxter, an ardent and articulate follower of Calvin, even had an attempt at a Puritan *Summa Theologica* or *Summa Moralis*, namely, his *Christian Directory* or *Summ of Practical*

Theologie and Cases of Conscience. His work is really in the tradition of the earlier famous works of the schoolmen.

The rules of Christian morality elaborated by Baxter were subtle and sincere. But they were like seeds carried by birds from a distant and fertile plain, and dropped upon a glacier. They were at once embalmed and sterilized in a river of ice.⁸⁸

This was true because of the fundamental principle of Protestantism discussed above.

Baxter's work is divided into four parts: Ethics, Economics, Ecclesiastics, and Politics, and attempts to set up a Christian casuistry on these matters.

All this, however, only frees the Calvinists from the onus of any deliberate and intended subornation of the ethical to the economic; it does not necessarily free them from the essential but unintentional consequences of their ratiocination in this regard. That is why Tawney maintains that the defenders as well as the critics of Calvin are correct "in regarding his treatment of capital as a watershed."⁸⁹

Calvinism and Puritanism

Thus far it has been seen that the importance for economic thought of the teaching of the Reformers is found not so much in their particular doctrines as in their general approach to the whole question of the relationship of man to God. Protestantism in general encouraged capitalism because it severed the Gordian knot linking earthly action and eternal reward. This has been already noted in the "individual interpretation" and "faith without works" conceptions of Luther, and Calvinism proves itself another tributary of the same stream when it makes salvation depend upon "divine predestination." What is important is that neither of the two major currents of Protestantism connected eternal happiness with reward for works accomplished. It is here that the key to the connection between Protestantism in general,

Calvinism in particular, and capitalism is to be found. Free the "hereafter" from direct and close dependence upon man's conduct "here" and it is only a matter of time before concern for the "here" entirely engrosses, overwhelms, and swallows up that for the "hereafter." The logic of an economic rationalization becomes unrelenting.

For, once the idea was admitted that salvation was independent of works, with the idea of free inquiry, a Protestant was only acting in a logical manner if he accepted the rational order of the world as it resulted from the free operation of man. While the Protestant who still envisaged a "should-be" state was illogical. The fundamental principles of Protestantism lead inevitably to the sanctification of the real; the obstinate attempt to prescribe other-worldly limits to the world is a remnant of doctrines that Protestantism seeks to overthrow.

In final analysis, it is not on Protestant anti-capitalistic action that we must base our estimation of the relationship between Protestantism and capitalism. It is the fundamental principle of Protestantism that counts; the limits set to economic life disappear as soon as a more penetrating logic deduces the full consequences of this principle.⁴⁰

Calvin's statement of this tendency was more vigorous than Luther's, and, therefore, more capable of bearing practical fruit in a capitalistic sense.⁴¹

Fanfani (*Catholicism, Protestantism and Capitalism*) is not nearly so emphatic in his strictures on Protestantism as is Weber (*The Protestant Ethic and the Spirit of Capitalism*). He sees this fundamental principle of Calvinism described above as acting not positively, but only in a negative way in the development of capitalism. It sets the stage, so to speak, "for the positive action of innumerable impulses, which—like the risks entailed by distant markets, in the pre-Reformation period, the price revolution at the time of the Reformation, and the industrial revo-

lution in the period following—led man to direct his action by purely economic criteria.”⁴²

Rigorous and remorseless as had been Calvin's Geneva, it was fated to go through an evolution: “It had begun by being the very soul of authoritarian regimentation. It ended by being the vehicle of an almost Utilitarian individualism. . . . So little do those who shoot the arrows of the spirit know where they will light.”⁴³

The Puritans reaped the full whirlwind of the Calvinistic principle of predestination. With each individual's destiny depending upon a private transaction between himself and his Maker, no room was left for human intervention or responsibility. The virtue of *magnificentia*, so revered in the Middle Ages, enjoys no longer an honored place. Protestantism, and especially Puritanism, espoused an asceticism all of its own; worldly goods were no longer to be eschewed, but rather, unceasing industry and thrift were erected into virtues. The Puritan virtues of thrift and economy usurped the place of the medieval virtues of justice and charity. Economic life is no more under suspicion; the proof of the economic pudding is in the eating.

In fact, in time economic activity and economic success become a manifestation of one's pre-election, through the Puritan conception of “calling.” Although Fanfani⁴⁴ contends that the Puritan idea of “vocation” was not too far different from that of the medieval period, nevertheless he admits that the Puritan, instead of being inimical to the accumulation of wealth, looked upon it with approval. One cannot help but sensing that with the Puritan, “work” has taken the place of “works.” Concerning the idea of “calling,” Tawney observes:

It is not merely an economic means, to be laid aside when physical needs have been satisfied. It is a spiritual end, for in it alone can the soul find health, and it must be continued as an ethical duty long after it has ceased to be a material necessity.⁴⁵

The economic now becomes ethical, not merely subordinate to the moral. The industrious pursuit of wealth is virtuous, and poverty is an ignoble mark of indigence and perversity. The poor are, perhaps, for the first time blamed for their poverty. Then descending to practical levels, by the end of the seventeenth century, honesty has become the best policy, hard work is not so much a penance as a means to success, and neighbors are either customers or competitors, and it is not too long before poverty is considered a self-caused curse. "For such a philosophy, the question 'What shall it profit a man?' carries no sting. In winning the world, he (the Christian) wins the salvation of his own soul as well."⁴⁶

It is not hard to realize how such a conception of economic life could slide almost imperceptibly into one of a purely economic rationale as religious fervor waned under the welter of a confusion of faiths and a mounting current of naturalistic thought.

By instilling this conviction into man, by basing human endeavours on this new rock, Protestantism favoured the dominance of the capitalist spirit, or, rather, it legitimized it and sanctified it. It transformed capitalistic efforts into religious efforts which, although not meritorious, for otherwise God would be rewarding man, were the sole way in which man could burn a grain of incense to the terrible Lord of Heaven and Earth.⁴⁷

To make of Calvinism the only inspiration of the eventual bourgeois liberalism would be a contradiction of the facts, but to fail to see the implications of its ethic would be equally purblind.

Hughes presents an adequate summation of this period when he writes: "The Reformation had heckled economic acquisitiveness but it could not harness it. It tried vainly to use as lances the splinters of the social and religious framework it had destroyed."⁴⁸

FOOTNOTES CHAPTER III

1. Edmund Burke, *Works*. "Reflections on the Revolution in France." (1790), p. 331.
2. René Gonnard, *Histoire des doctrines économiques*. Vol. I, p. 82.
3. Cf. Amintore Fanfani, *Catholicism, Protestantism and Capitalism*, pp. 36-37, also Chap. III, passim.
4. *Ibid.*, p. 21.
5. *Ibid.*, p. 25.
6. Harold J. Laski, *The Rise of European Liberalism*, p. 60.
7. Emmer J. Hughes, *The Church and the Liberal Society*, p. 74.
8. Eli F. Heckscher, *Mercantilism*. Vol. II, p. 285.
9. *Ibid.*, p. 110.
10. *Ibid.*, p. 289.
11. Alban de Villeneuve-Bargemont, *Histoire de l'économie politique*, p. 321.
12. Paul H. Furley, *A History of Social Thought*, p. 230.
13. Gonnard, *op. cit.*, p. 92.
14. Edwin Cannan, *A Review of Economic Theory*, p. 14. London: P. S. King and Son, 1930.
15. Heckscher, *op. cit.*, pp. 290-291.
16. Albion W. Small, *The Cameralists*, p. 591.
17. Cited *Ibid.*, p. 104.
18. Alexander Gray, *The Development of Economic Doctrine*, p. 79.
19. G. A. T. O'Brien, *An Essay on the Economic Effects of the Reformation*, p. 3. Cited from Batault, "Le problème juif," p. 170.
20. Richard H. Tawney, *Religion and the Rise of Capitalism*, p. 8. In fact, the passage of the Elizabethan Poor Law indicates the assignment to the state at a very early date of a function of the old church's eleemosynary institutions. Similarly the statute of apprentices signifies the decline of the effectiveness of medieval guild regulations. Thus the state, in an impersonal way, increasingly takes the place of the older bodies which were organized in a spirit of ethical restraint.
21. *Ibid.*, p. 183.
22. Laski, *op. cit.*, p. 71 (parentheses supplied).
23. Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, p. 89.
24. Cited by Fulton J. Sheen, *Religion Without God*, p. 110. New York: Longmans, Green and Co., 1928.
25. Hartman Grisar, S. J., *Luther*, Vol. IV, p. 212. Authorized translation from the German by E. M. Lamond. St. Louis: B. Herder Co., 1917.
26. Tawney, *op. cit.*, p. 88.
27. Jérôme A. Blanqui, *History of Political Economy in Europe*, p. 228.
28. Wilfrid Parsons, *Which Way Democracy?*, p. 10. New York: The Macmillan Co., 1939.
29. Tawney, *op. cit.*, pp. 278-279.
30. Weber, *op. cit.*, p. 89.
31. Ernest Troeltsch, *Protestantism and Progress*, pp. 44-52. New York: G. P. Putnam's Sons, 1912.
32. Tawney, *op. cit.*, p. 10.
33. Fanfani, *op. cit.*, p. 196.
34. Tawney, *op. cit.*, p. 10.
35. John U. Nef, *The United States and Civilization*, p. 164.

36. O'Brien, *op. cit.*, p. 17.
37. Tawney, *op. cit.*, p. 215.
38. *Ibid.*, p. 226.
39. *Ibid.*, p. 107.
40. Fanfani, *op. cit.*, pp. 198-199.
41. *Ibid.*, p. 205.
42. *Ibid.*, p. 206.
43. Tawney, *op. cit.*, p. 227.
44. Fanfani, *op. cit.*, pp. 200-209.
45. Tawney, *op. cit.*, pp. 241-242.
46. *Ibid.*, p. 247.
47. Fanfani, *op. cit.*, pp. 208-209.
48. Hughes, *op. cit.*, p. 44.

CHAPTER IV

THE FOUNDERS OF ECONOMICS

THE EIGHTEENTH CENTURY is one of many innovations, of which, not among the least important, may be said to be the foundation of a true, independent, distinct science of economics. This distinction belongs to that group of economists known as the Physiocrats, and to Adam Smith.

The Physiocrats

A writer who antedates the Physiocrats by an entire century so fully anticipates them, and so distinctly discerns the ethical in his economics, that his work must be examined here. Pierre Boisguillebert (1646-1714), according to Haney, was "the first economic theorist of note to be produced by France."¹ He is primarily an economist, dealing with other aspects of life only in so far as they are interrelated with economics. One such interrelation to which he gives some considerable attention is the ethical. He had warm humanitarian interests, a deep sympathy with suffering and a high moral indignation. *Liberté, fraternité*, and not so much *égalité* as *équité*, are implicit in his thought.² He spoke out in his formal works against the injustice of the extremes of wealth and poverty:

"And this corruption has come to such an excess, that to-day men are wholly divided into two classes, namely, one which does nothing and enjoys all the pleasures, and another, which, working from day until night, is found scarcely in possession of the necessities, or is deprived of them entirely." (*Dissertation sur les richesses*, pp. 398-399)

"If some persons would not be so magnificent, all the rest would not be so wretched, and by a just compensation there would be twenty times more well-to-do." (*Dissertation*, etc., p. 418)³

His view of economics is organic and he employs the term "solidarity" to express the interdependence existing among the members of society.

"... there is a point to be made, to which no one has ever given thought, namely, that the body of the State is like a human body, of which all the parts and all the members must act together to maintain life, in view of the fact that the affliction of one part (of the body) quickly affects the rest of it, and causes the death of the individual." (*Factum de la France*, p. 336)⁴

Boisguillebert's predominantly ethical theory was illumined by the injunction to "do unto others as you would have them do unto you." He felt that every effort must be made to see that this imperative was not merely the "reflection of religion which does not pass beyond theory." (*Dissertation sur les richesses*, p. 409)⁵

Again when speaking of laborers' being deprived of subsistence he plays fortissimo on the moral key, calling such a situation "'... an outrage to religion, to humanity, to justice, to statesmanship, and to the crudest reasoning.'" (*Dissertation sur les richesses*, p. 417)⁶ In a continued ethical vein this pre-Physiocrat excoriates "'Ce fatal métal, cette malheureuse idolatrie de l'argent, source de tous les maux.'" (Boisguillebert, *Collected Works*, p. 400)⁷

Beer calls him "pre-eminently a Catholic moral philosopher, differing only from the Schoolmen by his emphasis on free competition as the best regulator of the just price."⁸ In fact, it is this

conception and that of a natural harmony of interests producing solidarity when uninterfered with, which places him directly in the Physiocratic orbit, even though he is not actually an associate of "les économistes."

Sumner Slichter maintains that economics "can be said to have arisen primarily out of the efforts of eighteenth century economists to answer the question of how industry *should be* organized and controlled."⁹ Economists in that day were not specialists but covered wide fields of speculation; moral philosophy was the matrix of economics. As Gray contends, for François Quesnay (1694-1774), "as for all the Physiocrats, his economics was but a part of a *Weltanschauung*—... He is a moralist..."¹⁰ *Les Economistes* did not neglect the material, in fact, were inclined to emphasize it, but the metaphysical dominated their thought.

La Science nouvelle qui se constituait ainsi au XVIII^e siècle était une véritable Sociologie économique. Psychologie individuelle et sociale, Morale, Droit, tous ces aspects de la vue collective y étaient systématiquement et indissolublement unis dans la considération de la richesse.¹¹

A. Courtois (fils) says, in Palgrave's Dictionary, that "Quesnay was the first in France to raise political economy to the dignity of a moral science. To discuss with his disciples the means of improving the lot of the people was his one pleasure."¹²

Beer notes a similar tendency: "... the fundamental tenets of Physiocracy ... were grounded in universalist ethics, in the moral philosophy of *ius naturale*, and in the teaching of the Schoolmen, particularly of St. Thomas Aquinas."¹³

Blanqui continues in the vein of the majority of authors on this question when he finds that: "We have seen with what talent and what meritorious perseverance these philosophers devoted themselves to the cultivation of a science which seemed to them to include the destinies of the human race."¹⁴

Higgs adds his weight to the testimony of those who find

an ethical tone in Physiocratic economics:

In like manner the ethical and the economic system of the Physiocrats appeared to be but different sides of the same object. . . . An action was in fact good or bad according as it increased or decreased directly or indirectly, the welfare of society; and they contended that every anti-social action could be shown to diminish the net wealth of society, every laudable action to increase it.¹⁵

Anne Robert Jacques Turgot (1727-1781) himself wrote that: "It is not enough to know what is or what has been; we must also know what ought to be. The rights of man are not founded upon history; they are rooted in his nature." (Letter to Mlle. Lespinasse (1770))¹⁶

It is difficult for one who has read the various authors on this point to see how Boucké could have found the Physiocrats "outspokenly materialistic,"¹⁷ and why he did not discover in their premises any "more merit than in most of the eighteenth century Naturalism."¹⁸ Although Bonar, unlike most of the other historian-economists, does not consider *les économistes* to be metaphysicians, "their system was a political philosophy conjoined with a political economy."¹⁹

Gonnard perhaps is the most balanced in his approximation of their thought when he notes both the harmonization and the distinction of the ethical and economic made by the Physiocrats:

Elle contient une sociologie et implique finalement une métaphysique. Elle distingue l'économie politique, sans l'isoler. Mais sa base est bien essentiellement utilitaire et économique. C'est en plein terreau économique que Quesnay plante l'arbre qui développera plus tard une frondaison juridique, morale, politique, et métaphysique.²⁰

Beer explains away any conflict over their thought by maintaining:

All the difficulties and incongruities met with in the study of Physiocracy would be removed if we considered it as an attempt to rationalize medieval economic life in the light of the progress of philosophy and physical science since the sixteenth century.²¹

All reference in this section has been, and will continue to be, to the Physiocrats as a group, or to Quesnay in particular, since the other members of the "school" are his popularizers; especially is this true of *Mercier de la Rivière* (1720-1794). Beer goes so far as to call them a "sect" rather than a "school of thought," since they so jealously guard the word of their master, Quesnay.²² Their differences, when such did exist, were differences of emphasis rather than of fundamentals.²³

Reverting to Beer's contention, it may be noted that Quesnay was a scholar, well-learned in philosophy and theology, and although he makes no reference to the Schoolmen in his writings, his chief disciple, Mercier de la Rivière, does quote Aristotle and Aquinas.

The Physiocrats, it should be remembered, were reacting to the overwhelming pattern of Mercantilist thought which had dominated the two and a half centuries immediately preceding them. When this is recalled, Beer's insistence that they were neo-medieval attains perspective. Further, when some of their teachings on commerce, on price, distribution, etc., are examined, such a theory becomes even more tenable.

What could be more medieval in tone than Quesnay's reply to a proponent of the balance of trade idea:

"Cessez, mon ami, cessez de vous égarer avec les spéculations politiques, qui cherchent à vous persuader que dans votre commerce vous pouvez profiter aux dépens des autres nations; car un Dieu juste et bon a voulu que cela fût impossible." (Collected Works, p. 484)²⁴

His reasoning is at once ethical and economic because for the most part

"... le commerçant tend à acheter au plus bas prix et à revendre au plus haut prix possible, afin d'étendre son bénéfice le plus possible aux dépens de la nation; son intérêt particulier et l'intérêt de la nation sont opposés." (Collected Works, pp. 343, 467)²⁵

Quesnay felt that a balance of payments could only come about when one party had a privilege or advantage over the other through monopoly, customs duties, or some other contrivance. Furthermore, *les économistes* have the same Christian and Medieval fear of the development of an acquisitive spirit. The manufacture *de luxe* was considered disastrous to the morals of the nation in that it allowed virtue and honor to degenerate into vanity and cupidity. (*Works*, pp. 304, 234, 193)²⁶ Indeed, Mercier de la Rivière calls commerce "un mal nécessaire." (*L'Ordre Naturel*, ed. 1910, p. 266)²⁷

As did the Schoolmen, the Physiocrats had a concept of just price (*bon prix*). Of their theory of just price Gonnard says:

La théorie du "bon prix" constitue encore un des points les plus capitaux, les plus originaux de la doctrine physiocratique, en même temps, qu'un des plus contradictoires à la thèse mercantiliste. L'idéal physiocratique n'est nullement dans le bon marché, comme sera celui de Bastiat: il est dans l'abondance, mais jointe à la cherté.²⁸

In the above observation the word "cherté" is a stumbling block until we learn that Quesnay defines it, again in the Medieval spirit: " 'Nous n'entendons pas ici, par le mot cherté, un prix qui puisse jamais être excessif, mais seulement un prix commun entre nous et l'étranger.' " ²⁹ There is to be an equality of exchanges, internal and international for,

"If, however, the balance is unequal, if one party tries to sell more than he buys, that is, to obtain more than he gives, the basis of exchange is destroyed, and disorder follows, with its inescapable concomitants—unhappiness and misery. For, if one loses, if even the humblest worker is wronged, the loss communicates itself, like an infection, to the whole series of exchanges and corrupts all." (*Works*, p. 310)³⁰

The full significance of the ethical aspect of the *bon prix* may perhaps at times be clouded by the fact that the Physiocrats thought that the just price was to be determined by the free play of supply and demand. In the words of Quesnay: "'Laisser passer, laisser faire.'" (Works, p. 671) "'Pas trop gouverner! Ne tentez pas de fixer les prix. La concurrence seule peut régler les prix avec équité.'" ³¹ The significant fact is that Quesnay was concerned here, again, with what *should be*, and that *equity* be preserved. Gone is any conception of commerce or economic activity as a goal. Mercier de la Rivière had said: "'Prenez garde que je dis pas que le bon prix des productions ne peut s'établir que par un grand commerce, mais bien par une grande liberté du commerce. . . .'" ³² The Physiocratic idea of just price was negative in this regard; *laissez-faire*, according to Gonnard, ³³ is like a window through which the light passes, but which does not produce the light.

The sustained ethical approach is further manifested in their treatment of interest. In his *Reflexions sur la formation et la distribution des richesses* (1769), Turgot discusses the "legitimacy" of interest. ³⁴ And Quesnay allows the intervention of the law to check cases of excessive interest, while also taking up the question of the legitimacy of interest. ³⁵ Gonnard sums their attitude toward it thus: "Il peut donc légitimement exiger de l'emprunteur un intérêt correspondant: c'est tout simplement une application généralisée de l'idée médiévale du *lucrum cessans*." ³⁶

In so far as the price of labor was considered at all, a subsistence wage was assumed as "natural." This was in accordance with the facts in France at that time, and hence presented no ethical problem. ³⁷ Agriculture was "natural" and received most of the stress.

The strides taken by the Physiocrats in the direction of a new and distinct science of economics, exemplified especially in the *Tableau Economique* (1758), were not rendered any less effective by the moral implications of much of their teaching. Hobson supports this opinion when he points out that

Quesnay's *Tableau Economique* . . . may be regarded as the first attempt of scientific economists to construct a rational system. The fact that these economists were for the most part enthusiastic reformers must not be taken as negating the value of their science. For their enthusiasm was disinterested, in the sense to which we have agreed, viz., it was directed to the establishment of an economic system favourable to the general welfare, as they conceived that welfare.³⁸

Patten has written that with the Physiocrats "all distribution, therefore, follows political and not economic laws, and becomes a part of morals and politics."³⁹ This may be a little harsh in the light of the *Tableau Economique* and what it sought to do. Denis elaborates upon this conception of a moral law underlying production and distribution when he writes:

Il y a donc, aux yeux de Quesnay, un enchaînement naturel des lois morales et physiques le plus propre à assurer l'abondance et la juste distribution des richesses. C'est cette coördination qui constitue la partie essentielle de l'oeuvre de Quesnay. C'est cet enchaînement de lois qui forme la base du gouvernement le plus parfait, qui n'est autre que celui de la nature; c'est l'archétype des gouvernements qui domine toutes les constructions artificielles des hommes.⁴⁰

The *Tableau Economique* conceives of economic society as organic, and organic conceptions in the social sphere are ethical.

The notion of a "natural law" governing human, political and social relations is the capital point of the whole Physiocratic structure. *Les Economistes* discern the natural moral law as well as the natural physical law. The *Droit Naturel* (1768) is an idea at once metaphysical and ethical. The natural moral law is that part of the Divine Plan which can be discovered by human reason, and, of course, once discovered, nothing should be placed in the way of its being fulfilled. "The Physiocrats regarded the 'order' as one that was to be realized, and the science of political economy as essentially normative."⁴¹ Quesnay is clear enough on the point that the *Ordre Naturel* is of Divine origin: "Tous

les hommes et toutes les puissances humaines doivent être soumis à ces lois souveraines instituées par l'Être Suprême: elles sont immuables et irréfragables et les meilleurs lois possibles.' ” (Droit Naturel, Oeuvres, pp. 372-373)⁴² Or Dupont de Nemours: “Vous y reconnaitrez la source de vos droits, la base et l'étendue de votre autorité, qui n'a et ne peut de borne que celle imposée par Dieu même.”⁴³ Since the natural law applies to all human relationships, it will be found in the economic no less than in any other. “If men violate physical law, they will suffer death, and, if they violate the laws of the social order, which are equally natural, they will ruin and destroy each other. There are no rights without duties, or duties without rights.”⁴⁴ “. . . le Droit et l'Economie politique sont pour eux indissolublement unis, et jamais avant eux on n'avait mis en lumière l'aspect économique du droit, dégagé le Droit économique.”⁴⁵ The title of one of Mirabeau's works is instructive on this point: “*Economie générale de l'agriculture réduite à l'ordre immuable des lois physiques et morales qui assurent la prospérité des nations agricoles.*”⁴⁶ It is to be noted that the Physiocratic concept of natural law is wider than that which describes a series or sequence of phenomena. It is also to be distinguished from civil law. The “droit naturel” includes a natural moral law. As Quesnay says:

Le droit naturel des hommes diffère du droit légitime, ou du droit décerné par les lois humaines, en ce qu'il est reconnu avec évidence par les lumières de la raison, et que, par cette évidence seule, il est obligatoire indépendamment d'aucune contrainte; au lieu que la droit légitime, limité par une loi positive, est obligatoire en raison de la peine attaché à la transgression par la sanction de la loi, quand même nous ne la connaîtrions que par la simple indication énoncée dans la loi.⁴⁷

They desired to establish the *ordre naturel* in place of the unnatural, artificial, excessively luxurious order then existing. Turgot wrote in his *Eloge de Gournay* (1759):

"To recognize the primary and unique laws founded on nature itself, by which all values in commerce are balanced with each other and fixed at a definite value . . . to perceive the reciprocal dependence of trade and agriculture . . . their near connection with laws, morals, and all the business of government . . . this is to look at the matter with the eyes of a statesman and a philosopher."⁴⁸

The Physiocratic version of *laissez-faire* with regard to industry is equally as famous as their idea of an *ordre naturel* and, in fact, the former must be seen in the light of the latter. *Laissez-faire* to them was simply a demand "that what was spontaneous in its origin should be allowed to be spontaneous in its development."⁴⁹ Higgs calls Quesnay "one of the fathers of economic individualism";⁵⁰ Ingram, however, excuses any tendency to individualism among *les Economistes* on the ground that their *laissez-faire* attitude was necessary to get rid of an outworn social order.⁵¹ He recalls that Quesnay had advised the Dauphin, on becoming king, to "do nothing, but let the laws rule." Ingram adds, "the law having been, of course, first brought into conformity with the *jus naturae*."⁵² Wolowski, in his "Preliminary Essay to Roscher's *Principles*," assures his readers that: "The *laissez-faire* and *laisser-passer* of the economists is, in no way, like the absolute formula which some have denounced and others sought to utilize, as relieving authority of all care and all intervention."⁵³ Gonnard is quick to defend the Physiocrats from any censure on this score, although the examples he cites in his parentheses might be none too convincing if one failed to keep in mind the whole general historical picture of their times:

L'Etat physiocratique n'est pas le pur "gendarme" des libéraux du XIX siècle. Non seulement le souverain a la garde des lois naturelles et la mission d'en instruire sans cesse le peuple; mais ce premier des propriétaires a un rôle actif à remplir: les physiocrates mettent sans hésiter à sa charge les travaux publics (chemins, canaux, ponts, etc.).⁵⁴

Because a question of a type of ethics is involved, in this study especially, the Physiocrats are not to be confused either with the Encyclopedists nor with the other eighteenth century philosophers, such as Locke, Montesquieu and Rousseau. "Unlike Locke and Montesquieu and Rousseau, they refuse to admit that man's natural rights are modified by any form of social contract. To these rights even the state must bow . . ." ⁵⁵ On the question of their contributions to the Encyclopedia, Villeneuve-Bargemont finds:

Quesnay fournit les articles Grains et Fermiers; Forbonnais l'enrichit de plusieurs articles sur le commerce, le crédit public, etc.; d'autres hommes de mérite et de vertue payèrent aussi leur tribut à l'utilité publique, sans devenir les complices du philosophisme anti-religieux. ⁵⁶

Higgs cites a remark attributed to Turgot which indicates a recognition by the Physiocrats (if Turgot can be called a Physiocrat) of the question involved: "I am not an encyclopedist, for I believe in God." ⁵⁷ Beer's conclusions regarding Quesnay's position on this point are enlightening:

Quesnay was steadfast in his Christian faith, the tenets of which he held to be beyond space and time. In a polemic against the mystical pantheism of Malebranche, he declared that all attempts to penetrate the mysteries of religion were fruitless. . . . His purpose was only to demonstrate that all human knowledge was in perfect conformity with the dogmas of faith. ⁵⁸

To conclude the discussion on this period, then, it may be said that the teachings of *les économistes* were in a frame of reference which was completely ethical, and that that ethic continued the Christian tradition of moral science. This trait becomes all the more significant when it is remembered at the same time that the Physiocrats are hailed by most writers for their earnest attempt at a scientific method, for their achievements in the foundation of a distinct science of economics, and

that many scholars see their most characteristic teachings (*produit net, impôt unique, tableau économique*) as resulting from their application of this method.

Villeneuve-Bargemont is particularly *apropos* this conclusion when he writes:

Sans doute les doctrines des économistes n'étaient pas exemptes d'erreurs, et leurs principes absolus se sont trouvés le plus souvent inapplicables dans la pratique. Mais on ne saurait méconnaître qu'ils ont, en général, traité tous les sujets économiques avec l'amour du bien public, le désir de soulager le sort des classes malheureuses et l'intention de parvenir à répartir avec équité les charges publiques. Leurs écrits se distinguent par une douce et saine morale, et, à peu d'exceptions près, par un respect profond pour les institutions sur lesquelles se fondent le bonheur et les vertus des peuples.⁵⁹

Adam Smith (1723-1790)

No matter how widely students of economic thought may disagree on some other points, they are agreed on the fact that Adam Smith, although noted as the great founder of a new and distinct science, nevertheless patterned his economics from the whole cloth of moral philosophy and never completely severed all the threads connecting that science with the main piece from which it had been constructed.

Of this Bonar writes:

What Adam Smith proposed to achieve was not merely a treatise on political philosophy and a treatise on economics, but a complete moral and political philosophy, in which the two elements of history and theory were to be closely conjoined.⁶⁰

As evidence of such intention on the part of Adam Smith, the reader is referred by Bonar to the concluding sentence of the moral sentiments as well as to the Cannan edition of the notes on Smith's lectures at Glasgow.

Gonnard, too, speaks of "sa tendance, écossoise aussi, à ne pas perdre de vue le côté psychologique et moral des faits économiques." ⁶¹

Wolowski, in his "Preliminary Essay on Historical Method," in Roscher's *Principles*, notes the same ethical predilections.

When the genius of Adam Smith gave it (economics) a distinct character, he did not desire to separate it from those branches of knowledge without which it could only remain a bleached plant from the absence of the sunlight of ethics. ⁶²

Leslie joins the company of scholars who note the highly ethical tone in the work of Adam Smith, when he says: "... with Adam Smith himself political economy was part of a complete system of social philosophy, comprising also natural theology, moral philosophy, and jurisprudence." ⁶³

Fetter comes to similar conclusions on Smith's position:

In spirit and in general doctrine, however, he shows himself to be most of the time a welfare economist, rather than a commercial or price economist. The *Wealth of Nations*, primarily an essay in economic art, centers about the one purpose of showing the futility of the policy of state interference as it had developed in the countries of Europe. But when arguing for laissez-faire, he is thinking of results to the whole people, rather than identifying personal judgment of price, and individual commercial gain with general welfare. ⁶⁴

Boucke includes Smith among that group of whom he says:

Economics was first founded by men who were philosophers even more than economists, whose training fitted them peculiarly for giving social happenings a deep, perhaps even an occult significance . . . thinkers whose greatest desire was a discovery of laws comparable to those of natural science, though socketed in certain presuppositions metaphysical. Philosophy is the mother of all sciences, and to this rule economics is no exception! ⁶⁵

Sumner Slichter reminds his readers that "aversion to appraisals" was one of the causes to which "... is to be attributed the failure of theorists to perceive the supreme importance to-day

of the problem which formed the center of interest to Adam Smith, the problem of the organization and control of economic activity." ⁶⁶

Eli Ginzberg, in his very valuable work, *The House of Adam Smith*, finds that "Adam Smith was always interested in economic expedience, but he never failed to include social and ethical values in his balance sheet." ⁶⁷

Heinrich Pesch, the German Jesuit, testifies that Adam Smith insisted upon a definite relationship between economics and ethics even though, of course, Pesch has little "sympathy" with the "ethics of sentiment."

"Man kann aus den Schriften Adam Smiths einige schöne Zitate anführen über Gerechtigkeit, Gemeinwohl u.dgl.

"Gewiss, Adam Smith hat nicht die volle Loslösung der Volkswirtschaftslehre von jeder Moral proklamiert." ⁶⁸

There is no need to enlarge this body of comment further by citing such writers as A. W. Small, J. A. Hobson, H. W. Peck, H. Sidgwick, L. Haney, H. Clay, J. Ferguson, et al., all of whom take notice of Adam Smith's predisposition towards the ethical in his economics. With Adam Smith a point was reached in the development of philosophy in Scotland at which economics burst its integument and emerged as a separate body of knowledge, although the child, as in the case of its intellectual father, never permanently left the home of its parent.

In 1752 Smith exchanged his chair of Logic for that of Moral Philosophy, a move wholly to his liking. ⁶⁹ The notes of Adam Smith's lectures, as taken by one of his students, give evidence that the lectures on moral philosophy contained a great deal of economic material. ⁷⁰ It was his own explicit statement as well as the testimony of Dugald Stewart, his biographer, that the basic principles of *The Wealth of Nations* (1776) were already in his lectures the first year he held the chair of Moral

Philosophy.⁷¹ Cannan notes that the traditions of the "chair" Smith held at Glasgow "required a certain amount of economics."⁷² The whole course was divided by him into four parts: the first was natural theology; the second ethics, which resulted in his *The Theory of Moral Sentiments* (1759); the third was jurisprudence, while in the fourth he examined "those political regulations which are founded upon expediency and which are calculated to increase the riches, the power, and the prosperity of a state." This last was his political economy.⁷³

In the light of these expressions of opinion it is proposed to examine Adam Smith's thought with the purpose of ascertaining the specifics of the above generalities. Some guiding points of inquiry shall be: What was the nature of his economic-ethics? How and in what diverse areas did he display his economics before a backdrop of ethics, and to what degree did the ethical scenery lend color to the economic drama?

As is well known, Adam Smith's ethical work is taken up with the ethics of sentiment or sympathy. According to Smith that action is moral which would be approved by, or win the sympathy of, an impartial spectator. It is not by reason, but by a special moral faculty or sense that we apprehend the good. "What is agreeable to our moral faculties, is fit, and right, and proper to be done; the contrary wrong, unfit, and improper."⁷⁴

Moreover, by following the sentiments of his moral faculties man is co-operating with the Deity:

... by acting accordingly to the dictates of our moral faculties, we necessarily pursue the most effectual means for promoting the happiness of mankind, and may therefore be said, in some sense, to co-operate with the Deity, and to advance as far as in our power, the plan of Providence. By acting otherwise, on the contrary, we seem to obstruct in some measure, the scheme which the Author of nature has established for the happiness and perfection of the world, and to declare ourselves, if I may say so, in some measure the enemies of God.⁷⁵

It is interesting to note how Adam Smith here ties in both

the moral sentiment of his ethical work, and the self-interest which will appear later in his economic work:

The sense of propriety too is here well supported by the strongest motives of self-interest. The idea that, however, we may escape the observation of man, or be placed above the reach of human punishment, yet we are always acting under the eye, and exposed to the punishment of God, the great avenger of injustice, is a motive capable of restraining the most headstrong passions, with those at least who by constant reflection, have rendered it familiar to them.⁷⁶

To do the will of God is certainly to a man's self-interest in the long run, even if, presumptuously, we must remind Adam Smith that the love of God may be a more salutary reason for doing his will.

One of the major criticisms which has been levied against the ethics of Adam Smith is precisely the fact that it is based on emotion, sympathy or sentiment rather than upon reason. And the ethics are no less based upon sentiment even though the sentiment be that of an "impartial spectator," as some writers remind us. Critical of the ethics of sentiment, Glenn R. Morrow asks, "If the moral judgment is based merely upon the feelings, how can it be more than personal judgment? If reason is rejected, how is an objective moral judgment possible?"⁷⁷ Moore contends that "we must know whether or not our sympathies are misplaced. We must correct our sympathy by reason."⁷⁸ Then, too, another criticism raised concerns the rather doubtful existence of a peculiar moral faculty, especially existing to discern the ethical in man's conduct.

It should be noted, further, that Adam Smith's ethics are of the type described in Chapter One as absolute or non-conditionate, that is, it is "duty for duty's sake" with him. Even though strongly influenced by Hume, Smith is not so utilitarian as this writer, for, despite the position taken with regard to self-interest in his *Wealth of Nations*, he is no hedonist in his ethics: "It

seems impossible that we should have no other reason for praising a man than that for which we should commend a chest of drawers." ⁷⁹

Turning to Smith's economic work, self-interest, as is well known, is the predominating motive.

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.

Give me that which I want, and you shall have this which you want, . . . it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. ⁸⁰

Or again: "Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men." ⁸¹

It will be noted that before unrestrained freedom of trade, Adam Smith was interested in justice. The important point is that activities governed by self-interest must be regulated by justice and that he so states in his work, which was manifestly a study in economics. It is true that very little analysis of the nature of justice is presented in the *Wealth of Nations*; such was to have been the subject of his proposed work on jurisprudence. In fact, if justice and its demands are interpreted broadly enough, and that without any straining, the above quotation from Smith might even apply in the present state of industrial society.

The idea of moral sentiments permeating the first work and that of self-interest, the second, are not as paradoxical as first sight would seem to indicate, nor as some of the German Historical economists contended. It will be remembered that Smith's economics was really a development of one part of his whole course in moral philosophy, not an independent unit. "His theory of egoism and his theory of sympathy were not mutually

exclusive, but were complementary, the one of the other." ⁸² Buckle sees the two works as two great frontal columns supporting a temple which Adam Smith never lived to complete. ⁸³ Leslie Stephen suggests that the morality of sentiments is a kind of reflected self-interest and harmonizes the two works that way. ⁸⁴ The "wealth of nations" was for Adam Smith certainly not the paramount problem for society even if it was for economics. And even the doctrine of self-interest in the economic work is given a bent which is ethical, as is attested by the fact that man

... is in this as in many other cases led by an invisible hand to promote an end which was no part of his intention. ... By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. ⁸⁵

Thus, natural economic institutions, according to Smith, are really the work of Providence:

In Adam Smith's lectures on moral philosophy, political economy formed one part of a course of which natural theology was another part, and the real ground of his confidence in the beneficial economy resulting from the undisturbed play of individual interest, is expressly stated in the *Wealth of Nations*, as well as in his *Theory of Moral Sentiments* to be the guidance of Providence. ⁸⁶

Not only an ethical, then, but even a theological defense, is furnished for the economic individualism he advocated. The "is" is reconciled with the "ought" in his economics; ⁸⁷ he did not defend his individualism otherwise. Regarding this, Denis observes: "C'est dans la théologie naturelle d'Adam Smith qu'il faut aussi chercher l'unité suprême de son oeuvre." ⁸⁸

It must not be interpreted that Adam Smith did not take giant strides towards a separate science of economics. He did; but he did not isolate the two worlds of ethics and economics. "Although ethical principles have no place in the explanation

of the economic order, yet the economic analysis as a whole possesses a definite relation to the standpoint of the ethical work: its point of view involves certain assumptions already recognized and criticized in the *Moral Sentiments*.”⁸⁹ If he had been as extreme in his individualism as is contended by some, he should have ranked self-interest as an intellectual virtue, which, unlike Hume, he did not attempt to do. “What he really does is to treat commercial ambition as (in later language) a principle of development.”⁹⁰ As Moos observes: “Only because, according to Adam Smith, the ethical side of economics was looked after by a higher Being could economists concentrate on the material problems.”⁹¹

The work which constituted from the viewpoint of the economist the *chef d'oeuvre* of the sage of Kirkcaldy was no ordinary economics book. It was primarily intended as a work in economic technology⁹² and yet ran the whole gamut of economics, philosophy, biology, psychology, history and political theory. Indeed, Smart refers to it as “monarchical science of political economy surrounded with a halo of accepted social philosophy”;⁹³ Lerner finds *The Wealth of Nations* “the summary of a new European consciousness”;⁹⁴ Ferguson calls it “a critique of Western Civilization.”⁹⁵ It was not abstract or merely theoretical, but dealt with the vital issues of Smith’s day, and was not afraid to pass judgment on what the author considered the vices of his era in the economic order; it was inspired by “a reforming spirit.”⁹⁶ “It is a philosophical work in that it deals with the broad problems of human welfare, and deals with them in a reasoned and unprejudiced manner.”⁹⁷

Much obloquy has been heaped upon Smith by some, especially the German historical school, for what is considered his over-enthusiastic individualism and liberalism in the economic sphere. Smith was no doctrinaire theorist in his advocacy of an economic system free from governmental restriction. He did not teach this doctrine *ex professo* but rather to combat the excessively restrictive mercantile system of his day.⁹⁸ It was not a

theoretical principle which led him to support *laissez-faire*, but the fact that he, like the Physiocrats, considered the state interference of the time as bad, not only from an economic viewpoint but also socially, and therefore, morally. He hoped that the absence of state interference would "lead not only to great efficiency but also to a greater degree of economic equality."⁹⁹ ✓

He did not foresee the exigencies of an industrial state, nor did he advocate economic liberalism for an industrial era. He had no intimation of how the industrialism of the nineteenth century would receive his doctrine or how his system of liberty, justice, and divine benevolence would be shaped to serve special interests. In fact, it may well be maintained that Smith was partial to *laissez-faire* for the very same reason that the thought of today is favorable to government regulation. Both are aimed at keeping the economically powerful classes from securing special advantage. Smith aroused the animosity of the "best people" of his day even though their descendants interpret and applaud in him today something he never intended. His attitude towards mercantilism is one among several which bear out this contention:

It cannot be very difficult to determine who have been the contrivers of this whole mercantile system; not the consumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class our merchants and manufacturers have been by far the principal architects. . . . the interest, not so much of the consumers, as that of some other sets of producers, has been sacrificed to it.¹⁰⁰

Or again, in jousting with the Mercantilist Theory, he writes:

That it was the spirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted; and they who first taught it were by no means such fools as they who believe it. . . . the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people.¹⁰¹

The monopoly of colonial trade is found to be "hurtful to the general interest of the country" because of "the single advantage which the monopoly procures to a single order of men."¹⁰² In fact, "injustice" is one of the principles to which he attributes the establishment of the American colonies: "... the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first adventurers with every mark of kindness and hospitality."¹⁰³

The significant point is not whether modern scholarship would agree with Smith but the fact that here, too, he does not fail to pronounce on injustice as he sees it.

Reverting to monopoly, in another portion of his work, a class of society is praised for not being monopolists: "Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly."¹⁰⁴

All that is intended to be shown here is that even in his self-interest and so-called individualistic theory Smith was occupied with the thought of the general welfare. No defense is made of his failure to suggest other regulatory institutions, nor of *laissez-faire* itself. Even in the pre-industrial system of his time Smith could see that unrestrained selfishness was often fraught with dangerous consequences and he was quite ready to have the government exercise control in these cases, which were not unsubstantial either in number or scope. Moreover, his broad bows to labor, the consumer, etc., should free him of any charge of oversight or indifference, and, in fact, more positively show him definitely to have had a healthy moral bias in this regard. He gives us evidence of his attitude towards the aforementioned exceptions to his general principle of governmental non-interference when he avows that

... those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as of the most despotical.¹⁰⁵

The Wealth of Nations is revealing when read with attention to the numerous expressions of sympathy its author makes in behalf of the humble and oppressed members of the body economic. Such references are generally not essential to his technical argument, but the fact of the matter is, he does make them in a treatise which was intended to be primarily technical, and he does have a "lively sympathy with those whom life had treated hardly."¹⁰⁶ For Smith held that: "Wherever there is great property, there is great inequality. For one very rich man, there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many."¹⁰⁷

Concerning labor, it shall be seen that Smith made numerous and broad references which can have no other significance except a moral one:

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. (No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged.¹⁰⁸)

Adam Smith was clearly not hesitant about considering "equity" when it was a question of the problem of distribution.

He couples the reasonable, the useful, with the humanitarian consideration when considering length of work periods:

If masters would always listen to the dictates of reason and humanity, they have frequently occasion rather to moderate, than to animate the application of many of their workmen. It will be found, I believe, in every sort of trade, that the

man who works moderately, as to be able to work constantly, not only preserves his health the longest, but, in the course of the year, executes the greatest quantity of work.¹⁰⁹

Smith graphically described the very definite moral evils which result from intense specialization of labor and left no doubt that the government should do something about them. The man who spends his life doing such work

... becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. . . . His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government take some pains to prevent it.¹¹⁰

When discussing wages he talks not only of the factors and forces governing them, but also of the fact of their being in accordance with, or lacking "justice and equitability."

Whenever the legislature attempts to regulate the differences between masters and workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters. Thus the law which obliges the masters in several different trades to pay their workmen in money and not in goods, is quite just and equitable. It only obliges them to pay that value in money which they pretended to pay, but did not always really pay, in goods.¹¹¹

In the same paragraph he also comments upon the lack of "impartiality" of the law which prosecutes workers for combining to raise their wages but allows masters to combine to hold wages down.

Even his reasoning on the state and education is ethically colored. The state "ought" to concern itself with education in some phases "in order to prevent the almost entire corruption and degeneracy of the great body of the people."¹¹²

A man without the proper use of the intellectual faculties of a man, is, if possible, more deformed in a still more essential part of the character of human nature. Though the state was to derive no advantage from the instruction of the inferior ranks of people, it would still deserve its attention that they should not be altogether uninstructed.¹¹³

When Adam Smith turns to the business man he utters many expressions of opinion, even condemnations, which leave no doubt of their moral tone. In him is found no partisan defender of business interests, nor any partiality towards special privilege for this class of society. In fact, speaking of those who live by profits he stated his famous and oft-quoted dictum:

The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions both deceived and oppressed it.¹¹⁴

The merchants and their desire for regulations and restrictive preferments fare no better:

In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest. The proposition is so very manifest, that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this re-

spect, directly opposite to that of the great body of the people.¹¹⁵

"Masters," according to our author, "are always and everywhere in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate."¹¹⁶ Smith leaves no doubt of his sympathies in his comments on the masters' complaints about high wages, when he declares:

Our merchants and master-manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods both at home and abroad. They say nothing concerning the bad effect of high profits. They are silent with regard to the pernicious effects of their own gains. They complain only of those of other people.¹¹⁷

Smith was really anxious to reduce the great inequalities of wealth and was anxious to discover a means of decreasing the prevailing rate of profits because he believed such action would be beneficial to the public.¹¹⁸ It would appear that Adam Smith scarcely discussed an economic question involving a moral issue but that he pointed up that issue and left his readers in no doubt as to his own position, which was usually not the defense of what might be called business interests.

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary.¹¹⁹

He found the perpetual monopolies granted the great trading companies injurious to the people at large.¹²⁰ The price of monopoly is "the highest which can be squeezed out of the buyers, or which it is supposed they will consent to give. . . ." ¹²¹

Small wonder it is, then, that Walter Lippman remarks that "it was plain from the whole tenor of his book that he meant something more substantial than the equal right of the rich and poor to drive hard bargains."¹²²

In his approach to taxes and fiscal affairs Smith gives a similar treatment to that employed in dealing with labor, capital, mercantilism, etc. He is first an economist, but the threads of ethics are there, lending shade and limit to the purely economic. In his announcement of the Fifth Book of the *Wealth of Nations* he states that he intends to treat of "which of those expenses ought to be defrayed by the general contribution of the whole society; and which of them, by that of some particular part only, or of some particular members of it . . ." ¹²³

Those local or provincial expenses of which the benefit is local or provincial (. . .) ought to be defrayed by a local or provincial revenue, and ought to be no burden upon the general revenue of the society. It is unjust that the whole society should contribute towards an expense of which the benefit is confined to a part of the society.¹²⁴

Once more the point is not whether the present generation could agree with this observation but that Smith is concerned about whether the policy is just or unjust.

The expenses of roads, since they are maintained for the whole society, may be defrayed by society, then, "without any injustice"; this is also true of education.¹²⁵ It is apparent that the "ought" in this connection is an ethical, not a technical recommendation. His famous maxims or canons of taxation are both ethical and technical. The first one, that of equitability, is almost wholly ethical, while the second, that of certainty, is argued on the ground that "uncertainty of taxation encourages the insolence and favours the corruption of an order of men who are naturally unpopular, even where they are neither insolent nor corrupt."¹²⁶ The third maxim, convenience, is argued on strictly utilitarian grounds as is the last, that of economy, but in the case

of economy Smith enters into a discussion of smuggling and holds that injudicious taxation often causes it, and always unjustly so. "The law, contrary to all the ordinary principles of justice, first creates the temptation, and then punishes those who yield to it. . . ." ¹²⁷ In a later treatment of smuggling he even distinguishes between violating the civil law against it and infringing the laws of "natural justice." ¹²⁸ Finally, when concluding the discussion of his maxims, he speaks of their "evident justice and utility" ¹²⁹ as recommending them to all nations. He then proceeds to evaluate the various types of taxation in the light of these canons.

In speaking of luxuries and their relation to taxation he is careful to define the term and to add that he does not wish "to throw the smallest degree of reproach upon the temperate use of them." ¹³⁰ But those taxes which fall upon "a necessitous person" are "frequently very cruel and oppressive." ¹³¹

In discussing the corn law Smith is equally unabashed about handing down a judgment, thinking it to be not the best law possible but "the best which the interests, prejudices, and temper of the times would admit of." ¹³² He even goes further to express his hope for a better law. The laws preventing the manufacturer from being a shopkeeper, and compelling the farmer to be a corn merchant were, according to our author, "evident violations of natural liberty, and therefore unjust; and they were both, too, as impolitic as they were unjust." ¹³³ The term "pernicious" is even applied to the latter law.

Usury is treated as an "evil" by Smith; just how the law "ought" to fix the rate of interest is discussed, and it is recommended that it be not fixed as the lowest market price because "it ruins with honest people, who respect the law of their country, the credit of all those who cannot give the very best security, and obliges them to have recourse to exorbitant usurers." ¹³⁴

There is an ethical tone, too, in Adam Smith's remarks on consumption even though he gives no full treatment of this

division of economics. The ethical implications become apparent when his rather broad and strong pronouncement on consumers' interests is read in the light of later capitalistic economics, which has put such a stress on production, even to the extent of producing less, if more profit could thereby be made. Smith sees human beings as the end of the economic system, not mere capitalization of wealth for further production. The latter species of obtuseness is perhaps one of the greatest indictments of nineteenth and early twentieth century capitalism. To Smith,

Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce.¹³⁵

Smith's statement seems to parallel that of St. Antonino, of Florence, who proclaimed the oft quoted, "Production is on account of man, not man of production."¹³⁶

There are those who assert that even in his value theory Smith was ethical, e.g. Wieser who writes: ". . . he gives two theories, one philosophical, the other empirical. In the first he tries to make clear what should be thought of as the characteristic attribute of value."¹³⁷ Marriott contends that his distinction between "natural" or normal price and market price is one such,¹³⁸ while Haney observes that his "treatment limits 'use' in a sense not now observed by economists, involving as it does an ethical idea, or at least a distinction between different grades of wants."¹³⁹

Among others, the German historical school and its English followers have found Adam Smith wholly materialistic, "atomistisch," etc. The entire presentation above and the opinions to be cited below should dispel most of these allegations. In fact, the

wonder is that in a work *ex professo* technical, Smith should have introduced ethical considerations as much as he did. It should also be remembered in the light of the charge of materialism, that even in the sixth edition of the *Theory of Moral Sentiments* he did not omit his profession of faith in God which he had inserted thirty years before. Rambaud says on this point:

Ce qui est certain, en tout cas, c'est que Smith, en 1790 et par conséquent quelques semaines seulement avant sa mort, revisa sa Théorie des sentiments moraux pour une sixième édition, sans rien enlever de la profession de foi déiste qu'il avait insérée trente ans auparavant.¹⁴⁰

Heinrich Pesch, German Jesuit priest and economist, assures his readers:

Adam Smith war kein Materialist. Er verkehrte mit den Physiokraten und Enzyklopädisten, nahm manche ihrer Ansichten an, nicht aber alle. Man wird in ihm einen naturalistischen Deisten erblicken müssen. Die metaphysikfeindliche Skepsis und empirische Theorie David Humes haben Smiths Anschauungen stark beeinflusst. Seine *Theory of Moral Sentiments* will deskriptive, empirische Ethik sein.¹⁴¹

G. A. T. O'Brien stresses the fact that

We must be careful not to exaggerate the length to which Adam Smith went in his approval of the pursuit of one's own gain. The idea that he was a mere materialist, without any conception of or regard for the higher purposes of life, is unjust and untenable.¹⁴²

To say this much, however, is not to say that the economic-ethics of Adam Smith necessarily presents itself as one to be prescribed for the present day. That he maintained the lines of communication between the two sciences is the essential principle to be appreciated. He strove to emancipate his ethics too much from reason and conscience, and championed too much a strictly empirical moral philosophy. He was no materialist but

he was strongly individualistic, and, by virtue of this individualism, liberalistic. Yet, through it all, he sees the social interest, even if his present readers cannot always do so. Indeed, there does seem to exist something of a paradox between his wide exceptions to *laissez-faire*, his broad social-minded expressions, and his fundamental liberalism, unless his non-interference doctrine be restricted narrowly to the mercantilistic type of interference. That is why Pesch concludes:

Wenn man alle idealen ethischen Werte und Kräfte ausschaltet oder geringschätzt, wenn man an ihrer Stelle den blossen Naturtrieb der Eigenliebe zum Führer auf wirtschaftlichem Gebiete macht und dann noch für diesen Führer, für das individuelle Erwerbsstreben, volle Freiheit fordert, dann darf man sich nicht wundern über die Folgen. Ein System, das, wie das freiwirtschaftliche, von irrigen Voraussetzungen ausgeht, in sich selbst widerspruchsvoll ist, kann eben, in die Praxis übersetzt, auch nur zu absurden Konsequenzen führen. Und diese absurden Konsequenzen? Man darf sie mit den zwei Worten Kapitalismus and Sozialismus bezeichnen.¹⁴³

Smith's ethics and its economic applications lack the warmth and vitality which Christianity could have brought to them. That spirit of fraternal love and charity is absent. His ethics was not that usually associated with a revealed religion, for his religion was a natural religion. He was a Deist himself, but lived in an age which was very critical of religion, and absorbed a good deal of its spirit, neglecting even to continue to conduct the Sunday class on Christian Evidences presided over by his predecessor, Hutcheson.¹⁴⁴

By way of conclusion, Smith's economics was an extra-economics, an economics plus. Succeeding generations have used his *laissez-faire* for repressive purposes, but he conceived of it as a liberating force; his concept of the Wealth of Nations meant plenty for all; he was ever aware that the "economic processes are and must be, at last, incidents of larger moral processes."¹⁴⁵ He knew how to probe for, discover, and set forth the wholly

economic data, but he never completely separated them from their origins in, and interrelation with, ultimate principles, and he would be the last person to regard economics as a completely isolated and insulated body of knowledge. As John M. Clark testifies:

... Smith never limited an inquiry by any preconceived definitions, or by a too scrupulous fear that it might extend beyond the frontiers of economics proper. Let it begin with an economic question, such as public expenditures or colonial trade regulation, and he would follow it wherever it might lead.¹⁴⁶

Perhaps it will not appear supererogatory to append the similar testimony of C. S. Devas, since his approach and whole orientation is so utterly different from that of Clark: "The intimate and almost inextricable union of political science with economics, and the dependence of both on ethics seems to be taken for granted in "The Wealth of Nations . . ." ¹⁴⁷

FOOTNOTES CHAPTER IV

1. Lewis H. Haney, *History of Economic Thought*, p. 173.
2. Hazel Van Dyke Roberts, *Boisguillebert, Economist of the Reign of Louis XIV*, p. 167.
3. Cited *Ibid.*, p. 169.
4. Cited *Ibid.*, p. 177. The *Factum de la France* (1707) is a combination of his *Détail de la France sous le règne présent* (1695), and the dissertations on *Grains* and *Richesses*.
5. *Ibid.*, p. 188.
6. *Ibid.*, p. 247.
7. Cited by Max Beer, *An Inquiry into Physiocracy*, from a collected edition of the four works: *Détail de la France*, *Grains*, *Richesses* and the *Factum*, published by E. Daire in *Economistes-Financiers*, Paris, 1843, p. 90.
8. *Ibid.*, p. 95.
9. Sumner Slichter, "The Organization and Control of Economic Activity," in R. G. Tugwell, *The Trend of Economics*, p. 303.
10. Alexander Gray, *The Development of Economic Doctrine*, p. 97.
11. Hector Denis, *Histoire des systèmes économiques et socialistes*, Vol I, p. 10.
12. A. Courtois, Article, "Quesnay," *Palgrave's Dictionary of Political Economy*, Vol. III, p. 247.

13. Beer, *op. cit.*, p. 73.
14. Jérôme A. Blanqui, *History of Political Economy*, p. 379.
15. Henry Higgs, *The Physiocrats*, p. 143.
16. Cited by Charles Gide and Charles Rist, *A History of Economic Doctrines*, p. 10.
17. O. Fred Boucke, *A Critique of Economics*, p. 2.
18. ———, *The Development of Economics*, p. 63.
19. James Bonar, *Philosophy and Political Economy*, p. 133.
20. René Gonnard, *Histoire des doctrines économiques*, Vol. II, p. 17.
21. Beer, *op. cit.*, p. 147.
22. *Ibid.*, p. 179.
23. Haney, *op. cit.*, p. 193.
24. Cited Beer, *op. cit.*, p. 137.
25. *Ibid.*, p. 129.
26. *Ibid.*, p. 136.
27. *Ibid.*, p. 62.
28. Gonnard, *op. cit.*, p. 64.
29. Cited *Ibid.*, p. 65.
30. Cited Beer, *op. cit.*, p. 87.
31. Cited *Ibid.*, p. 122.
32. Gonnard, *op. cit.*, p. 69.
33. *Ibid.*
34. J. K. Ingram, *A History of Political Economy*, p. 67.
35. Gonnard, *op. cit.*, pp. 73-74.
36. *Ibid.*, p. 73.
37. Haney, *op. cit.*, p. 190.
38. John A. Hobson, *Free Thought in the Social Sciences*, pp. 68-69.
39. Simon N. Patten, *Essays in Economic Theory*, p. 37.
40. Denis, *op. cit.*, p. 222.
41. Gide and Rist, *op. cit.*, p. 109.
42. Cited Gonnard, *op. cit.*, p. 80.
43. T. E. C. Leslie, *Essays in Political and Moral Philosophy*, p. 173. (Ed., 1879).
44. Bonar, *op. cit.*, p. 140.
45. Denis, *op. cit.*, Vol. I, p. 106.
46. Cited Gonnard, *op. cit.*, fn. 1, p. 23.
47. Eugene Daire, *Physiocrates*, p. 43. Collected Works of various Physiocrats with an Introduction by M. Eugene Daire. Part I. Paris: Librairie De Guillaumin, 1846.
48. Cited by Laski, *The Rise of European Liberalism*, pp. 184-185.
49. Bonar, *op. cit.*, p. 133.
50. Higgs, *op. cit.*, p. 46.
51. Ingram, *op. cit.*, p. 62.
52. *Ibid.*, p. 63.
53. W. Roscher, *Principles of Political Economy*, "Preliminary Essay," by M. Wolowski, p. 37.
54. Gonnard, *op. cit.*, p. 93.
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56. Alban Villeneuve-Bargemont, *Histoire de l'économie politique*, Vol. II, p. 69.
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CHAPTER V

THE CLASSICAL SCHOOL

THOSE MEN WHO were the major economists in England during the first half of the nineteenth century make up what is known as the Classical School. Numbered among its luminaries are Smith, Bentham, Malthus, Ricardo, McCulloch, Senior, J. S. Mill, and Cairnes. This school is not without its French and German exponents, among whom the more important are J. B. Say, C. F. Bastiat and J. H. von Thünen. H. C. Carey, the chief American whose work is in this same tradition, will be treated in the section dealing with the thought of American economists. James Mill is so eclipsed by his more famous son as not to warrant treatment according to the canons set up in the opening chapter of this study.

Of course, the Classical economists are not a school in the sense that they are a closely knit group of persons working together and acknowledging one man as the undoubted master from whom there is only minor dissent. Nor does a school exist in the sense of "an alliance of persons, a community of ideas, an acknowledged authority and a combination in purpose."¹ They are a school in the acceptance of a certain fundamental social philosophy and in the continual development of a group of basic economic concepts.

Although Smith is generally considered to be the founder, "it was Ricardo who more than anyone else left the stamp of his intellectual personality upon the body of Classical theory."² Most of these economists contributed independently in a substantial manner; each of them may be considered as a sort of tower not leaning on anyone else, although all followed a more or less similar underlying philosophy. This philosophy is that which came to be known as economic liberalism or individualism, one of complete freedom and autonomy for the economic order, with all its implications and manifestations as evidenced by nineteenth century social and economic history.

Although Adam Smith is quite generally included among the Classical economists, it was thought preferable for the purpose of this investigation to classify him with the "founders." Smith espoused economic liberalism along with the rest of the school, but his liberalism, in fact, his whole underlying philosophy, was so different from that of the other Classical economists, as to warrant separate treatment.

There are at least three basic differences between Smith's thought and that of the later Classicists, which suggest the necessity of the procedure outlined above. First, as was indicated earlier in this work,³ to Smith the natural economic institutions were really the work of Providence. His *laissez-faire* was inspired by "his faith in a divinely ordered harmony of egoistic and altruistic impulses in man."⁴ It is this theological character which gives his work a form distinct from that of his followers. A second difference is that Adam Smith in his *magnum opus* makes numerous references⁵ to justice and other ethical considerations, while many, although not all, of the Classical writers present a body of thought rigidly and totally isolated from any extra-economic considerations. Finally, Smith was no utilitarian, while the philosophical foundation for most of the Ricardian and post-Ricardian economics, where there was such, was utilitarian.

Jeremy Bentham (1748-1832)

Bentham, while not strictly speaking an economist, did publish a *Manual of Political Economy* (1798). He is of interest to this history primarily because he provided much of the philosophical, ethical and psychological bases for the science in his own era, and in later periods. Haney styles him "the man who above all others gave the Classical School of Political Economy its ethical point of view."⁶ Political economy really was established under the aegis of the utilitarian philosophy.⁷

Bentham utilized the hedonic calculus which held that whatever gives the most happiness is good, and to be sought, and whatever results in pain is bad, and to be avoided.

Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do as well as to determine what we shall do. On the one hand the standard of right and wrong, on the other the chain of causes and effects, are fastened to their throne. They govern us in all we do, in all we say, in all we think: every effort we can make to throw off our subjection will serve but to demonstrate and confirm it. In words a man may pretend to abjure their empire: but in reality he will remain subject to it all the while. The principle of utility recognizes this subjection, and assumes it for the foundation of that system the object of which is to rear the fabric of felicity by the hands of reason and law.⁸

Haney contends that Bentham makes the words *happiness, pleasure, good, benefit, advantage* virtually synonymous,⁹ and it would seem that such is a correct interpretation, since Bentham himself wanted these words to be interpreted in their ordinary sense:

I am a partisan of the principle of utility. . . .
 . . . when I employ the words *just, unjust, moral, immoral, good, bad*, simply as collective terms including the ideas of certain pains or pleasures; it being always understood that I use the words *pain* and *pleasure* in their ordinary

signification, without inventing any arbitrary definition for the sake of excluding certain pleasures or denying the existence of certain pains. In this matter we want no refinement, no metaphysics. It is not necessary to consult Plato, nor Aristotle. *Pain* and *pleasure* are what everybody feels to be such—the peasant and the prince, the unlearned as well as the philosopher.¹⁰

The barren potentialities of such an ethics in the realm of economics become plain in the light of the advice from Bentham that

It is very idle to talk about duties; the word itself has in it something disagreeable and repulsive. . . . A man, a moralist goes into an elbow chair, and pours forth pompous dogmatisms about duty—and duties. Why is he not listened to? Because every man is thinking about interests . . . and with these the well-judging moralist will find it for his interest to begin. Let him say what pleases,—to interest, duty must and will be made subservient.¹¹

Utilitarians never tire in pointing out that Bentham's felicific calculus was a social one, "the greatest happiness of the greatest number" being the ethical ideal. Yet we find Bentham saying that there is no other interest but individual interest.¹² Or to put it in the words of Bonar, "The simple statement of any individual that he for his part did not find his happiness in the general good would be unanswerable."¹³ This idea, then, became the philosophical substratum for Classical economics. The alteration in viewpoint which comes into economics by its acceptance of utilitarian ethics is that economics becomes locked in a causal sequence indicated by the pleasure-pain calculus; whatever happens is inevitable;¹⁴ there is no longer any question of conformity to preconceived ends. The word of a theistic ethicist need not be taken for this, for one has only to read from Veblen that

. . . the utilitarian economists make exchange value the central feature of their theories, rather than the conducive-

ness of industry to the community's material welfare . . . the conduciveness to welfare is not the objective point of the argument. This objective point is rather the bearing of productive enterprise upon the individual fortunes of the agents engaged, or upon the fortunes of the several distinguishable classes of beneficiaries comprised in the industrial community. . . .¹⁵

Bentham opposed any sort of ethics based on theodicy, and therefore was a keen critic of the theory of natural rights. In fact, for him natural rights cannot exist. "There was an ethical element in the 'natural price' that utilitarianism could not approve of without jeopardizing its position."¹⁶ Rights, according to Bentham, depend upon laws alone, and all government is inaugurated by force and continued by habit. The father of modern utilitarianism insists upon an almost inconceivable degree of governmental non-interference so that pleasure may be maximized and pain minimized. How far the ethico-economic pendulum had swung may be seen from his *Defense of Usury* (1787), in which the idea that the government should fix maximum rates of interest is criticized; competition was to be allowed almost unlimited freedom under the belief that the "pains" to some would more than be offset by the "pleasures" to others. It will be remembered that the fixing of interest rate maxima was one of Adam Smith's exceptions to a general policy of *laissez-faire* and that according to the author of the *Wealth of Nations*, where the liberty of the few endangered the security of the whole, it was to be regulated. The utilitarian theory, then, does provide an inspiration and animation for economics totally different from that of Adam Smith, to say nothing of the earlier writers.

Bentham does make political economy "subservient" to ethics, for he considered it both a science and an art and that the purpose of the science was to serve the art.

Political economy is at once a science and an art. The

value of the science has for its efficient cause and measure, its subserviency to the art.

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In the instance of this branch of the art, the object or end in view should be the production of that maximum of happiness, in so far as this more general end is promoted by the production of the maximum of wealth and the maximum of population.¹⁷

Since to Bentham, however, there were no qualitative distinctions in pleasures, only quantitative, it is difficult to see how the "good" could be anything different from the "valuable for exchange."¹⁸

No critique of utilitarian ethics need be made here except to point out some of the difficulties involved in attempting to explain economic fact by this system. By what standard other than a quantitative standard are we to measure pleasures? If higher or lower pleasures are admitted (qualitative differences), then the whole utilitarian structure melts away. Further, what gives one individual great pleasure may not do so for another. Whose pleasure is to be preferred, and how is it to be measured? Does any human being ever perform an act, no matter how anti-social, without the intention of deriving some advantage from it? Could not the greatest inequities be justified by this standard if only they seemed to maximize pleasure? Could not commutative, distributive and social justice be violated, if only it seemed that such transgression would bring the greater pleasure? Only those individuals already endowed with sufficient sensitiveness and refinement of nature to appreciate and find pleasurable the group's interests over their own, would so choose. But how are persons to be made group-minded, if the only criterion of good is individual pleasure or displeasure? Do not all acts, then, no matter how anti-social, become good as long as their agents escape any displeasure because of them?

This must be so, if there is no objective norm of morality.

In fact, slavery might be justified by this calculus. Thus we find Bentham saying:

If slavery were established in such proportions that there would be but one slave for each master, I might hesitate before pronouncing on the balance between the advantage of one and the disadvantage of the other. It might be that all considered the sum of happiness by that arrangement would almost equal the sum of pain.¹⁹

As Pareto²⁰ remarks, one could justify a majority cannibalism by the same principle. What, then, has become of any concept of human dignity when the hedonic calculus is applied in the socio-economic sphere?

Lecky cites the whole history of human language and thought as distinguishing between self-interest and altruistic interest and asks whether we have been deluding ourselves all this time by these semantics.

The universal sentiment of mankind represents self-sacrifice as an essential element of a meritorious act, and means by self-sacrifice the deliberate adoption of the least pleasurable course without the prospect of any pleasure in return. A selfish act may be innocent, but cannot be virtuous, and to ascribe all good deeds to selfish motives, is not the distortion, but the negation of virtue.²¹

Plato gave evidence of his recognition of the fundamental inconsistency of hedonism when he remarked:

And those who make pleasure their good are in equal perplexity; for they are compelled to admit that there are bad pleasures as well as good.

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And therefore to acknowledge that bad and good are the same? True.²²

Aristotle makes a similar distinction when he differentiates between "real" and "apparent" good, making the apparent good the object of appetite and the real good an object of rational desire.

Of course, Bentham, himself, never contended that the utilitarian principle either demands or is susceptible of direct proof:

Is it susceptible of any direct proof? It should seem not: for that which is used to prove everything else, cannot itself be proved: a chain of proofs must have their commencement somewhere. To give such proof is as impossible as it is needless.²³

This is an ethics which excludes or prescinds entirely from any theology, natural or otherwise, and yet does not even attempt to prove its own first principle. One may well ask, then, which were the *Ages of Faith*?

A fundamentally different way of viewing morality is that man is not good or bad because he is satisfied, but that he is satisfied or dissatisfied with himself because his conduct is good or bad. As Dunham observes: ". . . man acts, not by the spur of feeling, but by the direction and urgency of the intellect. The imperative of hedonism can have little weight."²⁴

Liberalism was first ethical and then became translated into the socio-economic sphere. One does not need to wonder at the thorough repugnance of nineteenth century thought towards any regulation in the social interest, when the utilitarian position is really appreciated. S. N. Patten furnishes a concise summation of the utilitarian influence on Classical economics when he writes:

In practice there has never been a class in England so remorseless in their disregard of the solidarity of responsibility; they broke openly with every principle that did not favour individual interests. Their doctrine must therefore be classed with other non-moral tendencies creating the habits

of thought which have dominated the nineteenth century. They would have completely ruined the science of political economy which they fathered and attempted to apply had not John Stuart Mill broken away from their teachings.²⁵

This is the ethics which, directly or indirectly, underlay much of Classical economics, and to Bentham, much more than to Smith, may be attributed the individualism of Classical economic theory.²⁶

Thomas Robert Malthus (1766-1834)

Thomas Robert Malthus, Anglican clergyman-economist, is of particular interest to this investigation because he thought

(... that the science of political economy bears a nearer resemblance to the sciences of morals and politics, than to the science of mathematics). But this truth though it detracts from its certainty, does not detract from its importance. While the science of political economy involves some of the questions which have the nearest connection with the well-being of society, it must always be a subject of the highest interest. The study of it is calculated to be of great practical use, and to prevent much positive evil.²⁷

Malthus fathered a work entitled *Principles of Political Economy Considered with a View to Their Practical Application* (first ed., 1820) and, of course, judgment is here involved; and wherever judgment is involved in this sense, there will have to be more than scientific norms. His most celebrated work also had a title involving similar ethical implications: *Essay on the Principle of Population; or, a View of Its Past and Present Effects on Human Happiness; with an Enquiry into Our Prospects Respecting the Future Removal or Mitigation of the Evils which It Occasions* (first ed., 1798).

Malthus was distinctly of the opinion that "Political Economy is perhaps the only science of which it may be said that the ignorance of it is not merely a deprivation of good, but pro-

duces great positive evil." ²⁸

Keynes cites a letter (July, 1821) of Sydney Smith which shows the contemporary appreciation of Malthus' ethical position: "... Malthus is a real moral philosopher, and I would almost consent to speak as inarticulately, if I could think and act as wisely." ²⁹ He is, of course, referring to Malthus' impediment in speech, not to his published works.

All this does not mean that Malthus fell short on the scientific side, or that he was a mere clerical propounder of platitudinous aphorisms:

The first business of philosophy is to account for things as they are; and till our theories will do this, they ought not to be the ground of any practical conclusions. I should never have had that steady and unshaken confidence in the theory of population which I have invariably felt, if it had not appeared to me to be confirmed, in the most remarkable manner, by the state of society as it actually exists in every country with which we are acquainted.

... a frequent appeal to this sort of experience is pre-eminently necessary in most of the subjects of political economy. ³⁰

Malthus, of all the Classical economists, most nearly resembles Smith in his anchoring of economics to broad metaphysical and teleological principles. ³¹ Malthus saw in the law of population the designs of the Creator:

Natural and moral evil seem to be the instruments employed by the Deity in admonishing us to avoid any mode of conduct, which is not suited to our being, and will consequently injure our happiness. If we be intemperate in eating and drinking, we are disordered ... if we multiply too fast, we die miserably of poverty and contagious diseases. ³²

At another point Malthus speaks of "... a strict obedience to those duties which are pointed out to us by the light of nature

and reason, and are confirmed and sanctioned by revelation . . ." ⁸³ He thought that society could not be content with negative propositions or with unique panaceas but that it needed religion, an ideal by which men's spirits might be changed. "The fear of the Lord is the beginning of wisdom, but the end of wisdom is the love of the Lord and the admiration of Moral good." ⁸⁴

Specific examples of Malthus' recognition of the ethical implications of his views may be seen both in his treatment of the population question and in his general economic thought. His concept of moral restraint as "a restraint from marriage, from prudential motives, with a conduct strictly moral during the period of this restraint" ⁸⁵ is too well known to require any comment here. It will be recognized at once that Malthus is here introducing ethical considerations into a work which he also considered scientific. Malthus would more than likely be deeply chagrined to learn that the modern doctrine of contraceptive birth control travels under the name of Neo-Malthusianism because such was a practice he condemned on moral grounds:

Indeed, I should always particularly reprobate any artificial and unnatural modes of checking population. The restraints which I have recommended are quite of a different character. They are not only pointed out by reason and sanctioned by religion, but tend in the most marked manner to stimulate industry.⁸⁶

He even adds a bit of advice, almost prophetically, when he reminds his readers that "It might be easy to fall into the opposite mistake and to check the growth of population altogether." ⁸⁷ If there were any doubt left of his position, it became completely dispelled when he wrote:

To the Christian I would say, that the scriptures most clearly and precisely point it out to us as our duty to restrain our passions within the bounds of reason; and it is a palpable disobedience of this law, to indulge our desires in such a

manner as reason tells us will unavoidably end in misery. The Christian cannot consider the difficulty of moral restraint as any argument against its being his duty; since in almost every page of the sacred writing, man is described as encompassed on all sides by temptations, which it is extremely difficult to resist, and though no duties are enjoined which do not contribute to his happiness on earth as well as in a future state, yet an undeviating obedience is never represented as an easy task.³⁸

When treating of the problems of the labor-capital relationship he is reminiscently Smithian. In fact, he refers to Smith in this connection when he says, ". . . it is justly observed by Adam Smith, that the interests of these classes (merchants and manufacturers) do not always prepare them to give the most salutary advice."³⁹ And, like Smith, on these points he discerns and sets forth not only the economic but the more-than-economic: ("If a country can only be rich by running a successful race for low wages, I should be disposed to say at once, perish such riches!"⁴⁰) Or again: "It is most desirable that the labouring classes should be well paid; for a much more important reason than any that can relate to wealth; namely, the happiness of the great mass of society."⁴¹ In his distinctly economic work, *Principles of Political Economy*, he did not hesitate to say "I have always thought and felt that many among the labouring classes in this country work too hard for their health, happiness, and intellectual improvement."⁴² In fact, one cannot read very far in Malthus' works without finding some reference to "justice," "happiness," etc. Unfortunately, from the modern viewpoint, he could not see that the state should have much control in these questions.

Malthus discussed the question of whether a better distribution of landed property was desirable from both an ethical and a technical viewpoint, being concerned with whether it would be favorable "to the wealth of the country" and "consistent with those higher interests."⁴³ Here, too, Malthus came to a conclusion which later times have rejected. No defense is made here of his ethic, or of his application of ethics to economic questions.

The only demonstration intended is that he did consider ethical questions in his economic treatise.

Considering luxury, he thought that the luxuries of the rich harmed the industry of the poor because they varied so much with fashion, but that the luxuries of the poor, especially if embodied in their general standard of living, were the best checks to population and moreover an encouragement to trade.⁴⁴ In his characteristic style he sees the luxury of the masses as "advantageous both with regard to national wealth and national happiness."⁴⁵

There was another aspect to the Malthusian viewpoint, sometimes seen as a harsher side, the Malthus of a rigid and individualistic outlook, a more pessimistic Malthus. This estimation of Malthus is one which, undoubtedly, is partially true, but like all partial truths does not give a completely accurate picture. It results from his having held the poor to be "the cause of their own poverty"⁴⁶ and that therefore any right to relief on the part of the poor was illusory: ". . . it appears to me that we are bound in justice and honor formally to disclaim the right of the poor to support."⁴⁷ Malthus contended that unless one could support children he should not marry:

He should be taught to know that the laws of nature, which are the laws of God, had doomed him and his family to suffer for disobeying their repeated admonitions; that he had no claim of right on society for the smallest portion of food, beyond that which his labor would fairly purchase.⁴⁸

Also there is among others the oft quoted observation from the *Essay on Population*, a quotation highly individualistic and hardly Christian in spirit: "A man who is born into a world already full, if his family have no means to support him, or if society has no need of his labor, has not the least right to claim any portion of food whatever, and he is really redundant on the earth."⁴⁹ While it is true that in later editions of his *Essay* Malthus deleted some of these harsher passages, nevertheless his

basic thought continues to run through all the editions, namely, that no one has a right to anything he cannot provide by his own efforts (except if he suffers an accident) and when one cannot so provide, it is largely, if not wholly, his own fault.⁵⁰

The coldness of the above references as well as that of the often cited one concerning "the unhappy persons who in the great lottery of life have drawn a blank,"⁵¹ and that regarding those for whom no cover had been provided at the banquet table of life not being entitled to sit there,⁵² add to the obloquy heaped upon Malthus.

Poor relief, religious benevolence, governmental interference with wages, all these, according to Malthus, would have had the long-run effect of increasing the population beyond the limit of subsistence. He sees one overpowering cause of poverty, overpopulation. Malthus had not seen as much improvement in the state of the arts in the long interval between the time of the ancient Greek and Roman states (of which he made studies) and his own day, as can be seen from his day until the present. Bearing this in mind, it is not difficult to see how the logic of his principle of population (or what he conceived to be its logic) overpowered at times his moral sentiments. He was caught in its iron vise; population could only be brought into balance with subsistence by preventive measures; if it were not, positive measures would result. Yet, although he disapproved of the Poor Laws, he did allow "the evil is now so deeply seated, and relief given by the Poor Laws so widely extended, that no man of humanity could venture to propose their immediate abolition."⁵³

Although Malthus never intended it so, the attributing of the cause of poverty to the poor themselves was an aspect of his doctrine which received much propagation because it "tended to relieve the rich and powerful of responsibility for the condition of the working classes, by showing that the latter had chiefly themselves to blame, and not either the negligence of

their superiors or the institutions of the country." ⁵⁴

Bonar in his treatise, *Malthus and His Work*, maintains that "the economics of Malthus, whether in relation to the landlords, the employers, or the workmen, are by no means identical with the economics of Ricardo and his school . . ." ⁵⁵ and reaches the thoughtful conclusion that "there never was a more singular delusion than the common belief in the hardheartedness of Malthus." ⁵⁶ Bonar points to the testimony of Malthus' own works as well as that of his friends to vindicate him of this charge. At least it would seem that Malthus was not indifferent to these charges but caught in the logic of his doctrine:

. . . every reader of candour must acknowledge that the practical design uppermost in the mind of the writer, with whatever want of judgment it may have been executed, is to improve the condition and increase the happiness of the lower classes of society. ⁵⁷

Here again we have another of his pointedly ethical pronouncements; it is not surprising, then, that Fetter claims him as a welfare economist. ⁵⁸

Reference is necessary concerning the type of ethics which Malthus espoused. By some he is ranked as a utilitarian. ⁵⁹ Malthus did write: ". . . utility is the only guide of conduct we have apart from Scripture." ⁶⁰ He also wrote:

. . . the impulse of benevolence like the impulses of love, of anger, of ambition, the desire of eating and drinking, or any other of our natural propensities, must be regulated by experience, and frequently brought to the test of utility, or it will defeat its intended purpose. ⁶¹

Bonar says that Malthus' ethics, being based upon natural theology, was pre-Benthamic. ⁶² Certainly Bentham never appealed to Scripture and, in fact, was hostile to any sort of theology.

Perhaps it is not assuming too much to see in the omissions in Malthus' later editions a reaction from the harsher and more

materialistic aspect of his doctrine. Haney classes him as a dualist, or at least one with no tendencies toward extreme idealism.⁶³

At any rate, his utilitarianism was not the Benthamic type, for, as Bonar concludes: "... his utility when examined turned out, as we have seen, to be much nearer the notion of self-development than simply a sum of pleasures irrespective of their quality."⁶⁴

David Ricardo (1772-1823)

The movement towards a distinct science of economics which had been in process since the days of the Physiocrats was finally accomplished with David Ricardo. So much is this true that Ricardo may really be spoken of as the legatee but not the disciple of Adam Smith and François Quesnay. Bagehot calls him "the true founder of abstract Political Economy. . . ." ⁶⁵ Gone from Ricardo's work are the theological presuppositions of Smith and Malthus, the idea that man in following his own interests is guided by Providence and is thereby really promoting the social interest. As Patten remarked: "The striking thing about Ricardo's reasoning is the absence of colouring due to the presuppositions of natural religion. He saw merely the economic world into which England had entered." To Ricardo "the natural" simply means the ordinary sequential pattern of cause and effect. His primary work, *Principles of Political Economy and Taxation* (1817), is utterly narrow and specialized when compared with the *Wealth of Nations*. Adam Smith, as was seen, went wherever the discussion might lead—history, political theory, ethics, sociological implications, all were considered. Rather sardonically Ginzberg observes that Ricardo put economics on a diet and it lost weight.⁶⁶ The weight, of course, was primarily the weight of its previous ethical content. Of Ricardo's work, Toynbee asserts: "No other book on the subject ever provoked the same fierce intellectual disparagement and moral aversion as the *Principles of Political Economy and Taxation*; no other

book, not even the *Wealth of Nations*, obtained the same immediate ascendancy over men of intellectual eminence." ⁶⁷ It excluded from consideration every aspect of life but the economic. Yet without its author so intending, it came to be regarded as a complete philosophy of economic life, and economic life was so much the whole of life for the Manchester School, which relied so completely on Ricardo's fundamental assumptions. This sense of theoretical completeness and the highly commercial character of the work gained for it wide acceptance in non-academic circles. The disjunctive aspect of Ricardian and post-Ricardian economics Toynbee describes as "the moral wickedness of the whole tendency of Political Economy." ⁶⁸ It was the kind of economics one could expect, considering Ricardo's previous background and his utter lack of any philosophical or liberal training which might have lent him balance and perspective. A. A. Berle makes the rather sharp but substantially accurate accusation that "Ricardo was not an economist but a stock-broker." ⁶⁹ He holds that Ricardo was interested in economics only in the way a modern stock-broker would be, in order to understand the market better.

Ricardo's avowed conception of the function of an economist may be found in the preface to his *Principles* where he holds that if his principles should be found correct "it will be for others, more able than himself to trace them to all their important consequences." ⁷⁰ The question immediately arises whether this is not a far too mechanical conception of economics, whether the economist should not be aware of all the important consequences of his principles since the social sciences, unlike the natural sciences, do not deal with the phenomena *per se* but with man in relation to the phenomena. In Hollander and Gregory's edition of Ricardo's *Notes on Malthus' "Principles of Political Economy"* (1928) Ricardo, in commenting on Malthus' reference to the surplus produce of land as a gift of Providence, says:

I do not agree that in a treatise on Political Economy it should be so considered. The gift is great or little according as it is more or less not according as it may be more or less morally useful. It may be better for the health of my friend, that I should (give) restrict him to a pint of wine a day, but my gift is most valuable if I give him a bottle (a day). The question is not whether the Creator did not consult our real happiness by limiting the productive powers of the land, but whether the fact be not, that He has so limited it,—while He has given an unbounded supply of water, of air (and has set no limit to the) purpose of the use we may make of atmosphere, the elasticity of steam and many other (natural paid) services rendered to us by nature.⁷¹

In a letter to Malthus (20th October, 1820), Ricardo writes:

Political Economy, you think, is an inquiry into the nature and causes of wealth: I think it should rather be called an inquiry into the laws which determine the division of the produce of industry amongst the classes who concur in its formation. No law can be laid down respecting quantity, but a tolerably correct one can be laid down respecting proportions. Every day I am more satisfied that the former inquiry is vain and elusive, and in the latter only the true object of the science.⁷²

Similarly, in his *Political Economy* he asserts that "to determine the laws which regulate this distribution is the principal problem in Political Economy."⁷³ Only a man untrained in philosophy would have failed to see how largely the human element, the matter of choice, institutional rearrangement, etc. can enter into distribution, and hence, of course, all the ethical implications involved. As Gray reminds his readers: "... if in the field of production the ultimate test is efficiency, in distribution the underlying question which sooner or later thrusts itself forward is that of justice."⁷⁴

So eminent a critic as Marshall has found that Ricardo and his immediate followers "... attributed to the forces of supply and demand a much more mechanical and regular action than is to be found in real life: and they laid down laws with regard to

profits and wages that did not really hold even for England in their own time.”⁷⁵ And as the great English Neo-Classical points out, their ideas were seized upon by those who cared more for restraining the working classes than for scientific doctrine. Labor was spoken of as a commodity by Ricardo and his followers:

... without staying to throw themselves into the point of view of the workman; and without dwelling upon the allowances to be made for his human passions, his instincts and habits, his sympathies and antipathies, his class jealousies, and class adhesiveness, his want of knowledge and of the opportunities for free and vigorous action.⁷⁶

The more-than-pecuniary aspects of economics were neglected or completely ignored and men were treated as individual economic units; there was little of the element of solidarity about Ricardo's teaching and much that was atomistic. The competitive and combative, rather than the co-operative and solidarist, aspects of the science were stressed. The harshness, rigidity, individualism were not precepts to Ricardo, but premises. For, like Malthus, he seemed to be “imprisoned within the postulates he laid down” and left with “no practicable alternatives.”⁷⁷ For example, “. . . it is quite in the natural order of things that the fund for the maintenance of the poor should progressively increase till it has absorbed all the net revenue of the country. . . .”⁷⁸

There were instances (relatively few) in which Ricardo overstepped his own conception of the limits of the science. For instance, it will be remembered that his subsistence theory of wages was not a bare subsistence theory and was set forth as a postulate. On wages Ricardo unbent himself enough to make the broadly ethical observation that “The friends of humanity cannot but wish that in all countries the labouring classes should have a taste for comforts and enjoyments, and that they should be stimulated by all legal means in their exertions to procure

them." ⁷⁹ Nevertheless the extremity of his abstraction is seen in his holding that: "Like all other contracts, wages should be left to the fair and free competition of the market, and should never be controlled by the interference of the legislature." ⁸⁰ In Chapter Five, "On Wages," Ricardo went beyond the bounds of simple exposition and laid down propositions by which "we shall by degrees approach a sounder and more healthful state." ⁸¹ The point need not be labored that this is an ethical and not a technical criterion. In addition, he speaks about mitigating the "evil" and removing the "distress" ⁸² engendered by the poor law, and contends that the abolition of the poor law is in "the cause of humanity." ⁸³

Ricardo's distinction between individual value and social riches was another one of those occasions on which he gave a passing nod in the direction of the moral implications of his discussion at hand:

It is true, that the man in possession of a scarce commodity is richer, if by means of it he can command more of the necessities and enjoyments of human life; but as the general stock out of which each man's riches are drawn is diminished in quantity, by all that any individual takes from it, other men's shares must necessarily be reduced in proportion as this favoured individual is able to appropriate a greater quantity to himself. ⁸⁴

These extra-economic allusions of Ricardo are, however, only incidental, never an essential part of the main pattern of his thought.

T. E. Cliffe-Leslie very pointedly compares Ricardo's idea of exchange value to that of the exchange between Esau and Jacob, ⁸⁵ pointing out that value in both cases was governed by the urgency of the need of the two parties, not the cost of production. And, of course, whether the particular economist treats the question or not, in such an exchange (assuming it is the seller taking advantage of the urgent need of the buyer), the

seller receives payment for something he does not really give. For he would have given just as much had the buyer been in less urgent need. There is too great a tendency to make value and economic value synonymous, at least on the part of the popularizers of Ricardian economics, if not by Ricardo himself.

One concluding consideration is necessary concerning the type of philosophy underlying the Ricardian structure. Ricardo was no philosopher in the formal sense of that term, but his training predisposed him in the utilitarian direction, and his work, if it indicates any philosophy at all, manifests a utilitarianism in the narrow, materialistic sense of that term.⁸⁶ Unlike Smith, there is no "nature philosophy" or "moral sentiment" in Ricardo's writing; there was scarcely any conception of the ideal or of social goals and social progress in his chief work; self-interest and a balancing of those things which contributed to or detracted from it loomed large for Ricardo as they had for Bentham, whom Ricardo had met through his friend, James Mill. In fact, "Bentham claimed to be the spiritual grandfather of Ricardo."⁸⁷ Concerning the rôle played by ethics in Ricardian economics in general Boucke declares:

... as to the rôle of ethics in economics, supposing this question were to be considered at all, we have no choice but must identify the good without exception with the possession of pleasure or the freedom from pain. Utility is something pleasurable and both are equivalent to virtue or happiness. The quantity of pleasure and good will vary, but qualitative distinctions are absurd, for pleasures are nothing but quantities physiologically traceable if our instruments are delicate enough.⁸⁸

Hobson finds evidence of this practical utilitarianism in Ricardo and goes so far as to charge that his economy was in no sense "political" but "merely generalisations of the discreet action of individual business men in their buying and selling processes; it was simply the economy of the shrewd Lancashire mill-manager 'writ large' and called political."⁸⁹

John Ramsay McCulloch (1789-1864)

McCulloch was much more a disseminator of Ricardian and Classical theory than an original thinker in his own right. "... the principles expounded by Ricardo ... he accepted with little attempt at amendment." ⁹⁰ Hobson finds him "one of the hardest theorists," but admits that he "has melting moments." ⁹¹ Albion W. Small presents what would appear to be a rather hastily measured and incorrect opinion when he writes that "if the extreme decline into unmorality is to be connected with the name of a single economic writer, J. R. McCulloch may safely be nominated for the distinction." ⁹²

McCulloch is one of those economists who left succeeding generations some direct opinions concerning his concept of the scope and content of ethics in economics. They are found mostly in the preface to his *Principles of Political Economy* (first ed., 1825). He commented on Senior's "restricted system of Political Economy" and agreed with that economist when he said "'wealth and not happiness' is the subject with which the economist has to deal." McCulloch goes on to point out that Senior does not content himself with explaining the "circumstances most favourable for the production of wealth" and then expresses his own opinion that, if Senior had "stopped at this point, he would have done little more than announce a few barren generalities, of no real utility." ⁹³

Speaking for himself, McCulloch contended that

It would be easy to give innumerable examples of the way in which this science necessarily involves discussions and inquiries extending beyond what may, at first sight, be supposed to be its natural limits ... even in mechanics, the engineer must allow for the friction and resistance of matter; and it is still more necessary that the economist should make a corresponding allowance, seeing that he has to deal not only with natural powers, but with human beings enjoying political privileges, and imbued with the strongest feelings,

passions and prejudices.⁹⁴

McCulloch specifically dissented from Senior's dictum that the economist "is not to give a single syllable of advice"; and that "his business is neither to recommend nor dissuade, but to state general principles."

On the contrary, it appears to us that the economist is bound, whenever he sees cause, to dissuade, censure, and command, quite as much as the politician, or any one else. In treating, for example, of the influence of restrictions, is he not to censure those which, by fettering the freedom of industry, hinder the production of wealth? And is he not to commend the measures by which and the Ministers by whom, such restrictions are abolished? The economist who confines himself to the mere enunciation of general principles, or abstract truths, may as well address himself to the pump in Aldgate.⁹⁵

He insisted that the science had its practical as well as its theoretical aspect, and that both had to be given due attention. In those cases in which the economist should give advice, according to McCulloch, it is often a highly individualistic and liberalistic type of advice that is called for, but the fact of the matter remains that some extra-economic criteria are recognized. His use of the word "happiness" can have no other significance:

... the economist will abdicate his principal functions if he do not call the public attention to every institution or regulation which appears, on a careful inquiry, to be adverse to the increase of public wealth and happiness. Unless he do this, he can be little else than a mere ideologist, about whose speculations most people will, very properly, care little or nothing.⁹⁶

The phrase "on careful inquiry" in the above passage should be equally well noted. It brings out both aspects of McCulloch's conception of the science.

His work on the national debt, *An Essay on the Question of*

Reducing the Interest of the National Debt; in which the Justice and Expediency of that Measure are Fully Established (1816), gave implementation to his expressed opinion on the limits of economics.

Turning to the body of McCulloch's principal work, it is found to be, on the whole, strictly scientific in character. But it is difficult to understand the extremity and severity of the remarks of Hobson and Small concerning this man, for his work is punctuated with ethical asides in such a way as to bear out the author's prefatory statements concerning his conception of this whole question. Among such examples is that in which McCulloch argues against imprisonment for debt, asking why should a person who has made a loan which turns out to be a bad speculation on his own part, "be allowed to arrest the debtor's person?"⁹⁷ In his discussion on the rate of profits, McCulloch paraphrases Cicero when he says: "At the bottom there is no real distinction between what is just and what is useful."⁹⁸ He goes on to explain, as did Cicero, that what is not just can never really be useful in the long run.

McCulloch may have held the "wages-fund theory" but he never used it as an argument to prohibit combinations among workmen.

The oppressiveness of such a law is so very obvious as hardly to require being pointed out. An individual can be nothing but a slave if he be prevented from fixing, in concert with others, the conditions on which he will sell his labour.⁹⁹

Another of what Hobson calls McCulloch's "melting moments" is found in his opinion on monopoly:

... the genuine spirit of commerce is inconsistent with the selfish and shallow policy of monopoly—and ... the self-interest of mankind, not less than their duty, requires them to live in peace, and to cultivate a fair and friendly intercourse with each other.¹⁰⁰

Undoubtedly McCulloch favored a high degree of *laissez-faire*, citing the maxim "*pas trop gouverner*" with approval as a general principle, yet

There are many instances in which government must, and many more in which it should interfere. And it is the duty of the legislature, having once fully satisfied itself, by a careful inquiry, of the expediency, all things considered, of any measure, resolutely to carry it into effect.¹⁰¹

Certainly these qualifying remarks to his general policy of governmental non-interference are susceptible of a broad interpretation resembling something like the spirit of the present day towards governmental regulation. Of course, McCulloch was not willing to go that far.

Still further, McCulloch does not hesitate to point up the ethical when discussing the question of the Jews and the right of property. He is quick to defend their right against those who would deprive them of private property, especially in land, and adds that "It was natural that those indebted to the Jews should represent their gains as enormous; for this inflamed the existing prejudices against them, and afforded a miserable pretext for defrauding them of their just claims."¹⁰²

McCulloch's economic thought, then, although essentially scientific, is frequently shaded with ethical commentary. Like some of the other classical writers, he usually discerns the ethical in an issue even though one may not be able to agree with his type of ethics, or his particular application of it to a specific problem. For instance, it is hard to see his argument for the abolition of foundling homes. Nevertheless, to his mind, it is presented on moral grounds: "And, perhaps, no measure could be suggested that would do so much to improve the morals of those among whom they are established, and to lessen the frequency of crime and the destruction of infant life, as their abolition."¹⁰³ There are instances when McCulloch seems possessed either of an exaggerated optimism, or has allowed himself to

lose touch with the realities of the situation. For example, he does not seem to be sufficiently aware of human nature or the capitalist spirit when he writes:

It is said, indeed, that this eager pursuit of wealth, and the engrossing interest which it inspires, occasion everything to be undervalued that does not directly conspire to its advancement, and makes the possession of money be regarded as the only thing desirable. But this is plainly a very exaggerated and fallacious representation.¹⁰⁴

Or again, he saw the "privations of the work-people" as arising in most cases "from accidental and uncontrollable causes" and not from a "defective system of domestic economy."¹⁰⁵ In still another instance, while McCulloch believed that "it were far better were the immense sums so often lavished on the most ridiculous frivolities, applied to promote some useful art, science, or industrious undertaking, or expended in relieving those whom accident or misfortune has involved in unmerited distress,"¹⁰⁶ yet he held that "to attempt to lessen it by proscribing luxury, is, in effect, attempting to enrich a country by taking away the most powerful incentives to production!"¹⁰⁷

On the whole, McCulloch frequently allowed the boundaries of economics to extend well into its philosophic hinterlands, even though the above and similar passages in his *Principles* have laid him open to reproach by later scholars.

Nassau William Senior (1790-1864)

Economics was narrowed in scope, reduced in content, purged of all ethical and normative conceptions to a greater extent by Senior than by any economist of the nineteenth century, or even of the Classical School. It has, perhaps, not been so narrowly conceived by anyone since Senior's day down to the present scientific purism of Lionel Robbins.

Gide and Rist say of Senior: "He removed from political economy every trace of system, every suggestion of social reform, every connection with a moral or conscious order, reducing

it to a small number of essential unchangeable principles." ¹⁰⁸

When Senior delivered his introductory lecture at Oxford (1826) upon assuming the Drummond Chair of Political Economy, he apparently had not yet made up his mind on this phase of the scope question. He did state in that lecture "that he regarded the explanation and cure of the poverty of the bulk of the working classes as the main task and justification of the study of economics." ¹⁰⁹ This definitely normative conception was completely eclipsed in his later writings by a much narrower conception of the science, but his introductory lecture even described the pursuit of wealth as a source of moral improvement.

The pursuit of wealth . . . is, to the mass of mankind, the great source of moral improvement. When does a labourer become sober and industrious, attentive to his health and to his character?—as soon as he begins to save. No institution could be more beneficial to the morals of the lower orders, that is, to at least nine-tenths of the whole body of any people, than one which should increase their power and their wish to accumulate: none more mischievous than one which should diminish the motives and the means to save. If we have institutions eminently calculated to produce both the benefit and the mischief, how valuable must the science be that teaches us to discriminate between them, to extend the one and to remove, or diminish, or at least, not to extend, the other. ¹¹⁰

Senior was not hesitant here about giving advice, and giving it in moral terms. But this was the relatively youthful Senior.

John Henry Cardinal Newman, in his *The Idea of a University* (1852), takes Senior to task for having considered the accumulation of wealth as the great source of moral improvement.

". . . the endeavour to accumulate," the words should be weighed, and for what? "for enjoyment;"—"to accumulate the means of future subsistence and enjoyment, is, to the mass of mankind, the great source," not merely a source, but the great source, and of what? of social and political progress?

—such an answer would have been more within the limits of his art—no, but of something individual and personal, “of moral improvement.” The soul in the case of “the mass of mankind,” improves in moral excellence from this more than from any thing else, viz., from heaping up the means of enjoying this world in time to come! I really should on every account be sorry, Gentlemen, to exaggerate, but indeed one is taken by surprise, one is startled, one meeting with so very categorical a contradiction of our Lord, St. Paul, St. Chrysostom, St. Leo and all Saints.¹¹¹

By 1836, in his *Outline of Political Economy*, Senior's conception of the scope of economics was diametrically opposed to that set forth originally in 1826. The section on scope and method, except for the section on population, was the only part of the 1836 edition of his *Outline of Political Economy* which differed greatly from the original lectures. Bowley finds that Senior must have realized over the years that his “treatment of the English Poor Law made it really impossible for him to preserve his original vague formulation of the scope of economics in relation to policy.”¹¹²

It would be rash to claim that the important changes introduced into the discussion of the scope of economics in the *Outline of Political Economy* in 1836 were due entirely to Senior's appreciation of the obscure position he had got into, but it is at least reasonable as a partial explanation.¹¹³

By 1836, Senior believed the following to be the function of the economist:

... by confining our own and the reader's attention to the Nature, Production, and Distribution of Wealth, we shall produce a more clear, and complete, and instructive work, than if we allowed ourselves to wander into the more interesting and more important, but far less definite fields by which the comparatively narrow path of Political Economy is surrounded.¹¹⁴

The advantages or disadvantages in possessing wealth, the desirability of improving the distribution of wealth, and similar ques-

tions he admitted to be of interest, but added that they "no more form part of the science of Political Economy, in the sense in which we use that term, than Navigation forms part of the science of Astronomy."¹¹⁵ The pertinency of Senior's use of a physical analogy may here be questioned, since social phenomena of themselves have ethical implications not usually accompanying mechanical, physical, mathematical phenomena. Problems of what "should be done" in the economic sphere Senior included under legislation, which is a science requiring a knowledge of political economy, but differs from it in that its subject is welfare rather than wealth.

Senior held that the economist's "premises consist of a very few general propositions,"¹¹⁶ and

The business of a Political Economist is neither to recommend nor to dissuade, but to state general principles, which it is fatal to neglect, but neither advisable, nor perhaps practicable, to use as the sole, or even the principal guides in the actual conduct of affairs.¹¹⁷

The question then arises, if legislation requires a knowledge of the principles of political economy, should it not be the political economists who will offer advice in economic questions, albeit advice not based on economic considerations alone? Who should make judgments involving highly technical economic concepts and data, if not the economist, even though, of course, he may have to employ other criteria to make these judgments? Can the legislator safely make them when advised by the economist? In such cases, is not the economist really making them for the legislator even though final decisions may rest with the legislator?

Senior says that one should not complain of the economist because he does not discuss happiness or virtue; in fact, if this complaint were better founded, it would be so much the better for the science. ". . . the more strictly a writer confines his attention to his own science, the more likely he is to extend his bounds."¹¹⁸

Senior, as do most economic purists, makes a few nods in the direction of ethics even though disavowing his intention of so doing. These are scarcer and harder to find, however, in Senior than in the work of most economists, and he hews more closely to the lines he laid out for himself. For instance, although disavowing any concern of the economist with "Moral Effects of Absenteeism" and large landed estates, Senior gives his judgment that

. . . families of moderate income, including under that term incomes between £500 and £2000 a year, appear to be placed in the station most favourable to the acquisition of moral and intellectual excellence and in its diffusion among their associates and dependents.¹¹⁹

It would not be an unfair summation to say that Senior limits the scope of his economics, and purges it of all ethical aspects, to a degree unlike that found in few other economists in the history of the science. Haney calls "the limitation of his first premise" one of Senior's "more positive errors."¹²⁰

John Stuart Mill (1806-1873)

This precocious son of a well-known economist father left many written expressions of his conception of the relationship between ethics and economics. The range of his interests was large; he wrote on logic, political economy, religion, utilitarianism, government, subjection of women, Socialism, etc.; and this expansiveness was reflected in his more particularly economic works. In his *Essays on Some Unsettled Questions of Political Economy* (1844) he discusses the popular conception of political economy, showing how this conception confounds the science and the art, and then he gives his own version on this aspect of the "scope" question.

If, therefore, Political Economy be a science, it cannot be a collection of practical rules, though, unless it be altogether

a useless science, practical rules must be capable of being grounded upon it. . . . Rules, therefore, for making a nation increase in wealth, are not a science, but they are the results of science. Political Economy does not of itself instruct how to make a nation rich; but whoever would be qualified to judge of the means of making a nation rich, must first be a political economist.¹²¹

Mill divided all human knowledge into physical science and moral or psychological science. In the physical sciences the laws of matter were treated, while, in the moral sciences, the laws of mind. Economics was a moral science and wealth alone was not the subject matter of economics:

Man, who, considered as a being having a moral or mental nature, is the subject-matter of all the moral sciences, may, with reference to that part of his nature, form the subject of philosophical inquiry under several distinct hypotheses.¹²²

Mill was, in his early work, rigorously scientific. He realized, however, that political economy did not have all the answers, even for wealth-getting and wealth-using questions, and that certain allowances and corrections must be made, but

Only in a few of the most striking cases (such as the important one of the principle of population) are these corrections interpolated into the expositions of Political Economy itself; the strictness of purely scientific arrangement being thereby somewhat departed from, for the sake of practical utility.¹²³

Mill gives his strictly scientific definition of economics, but is quick to add an amendment in favor of taking into consideration those modifications necessary when making practical application of the science, and, of course, ethical as well as other considerations enter here. His complete definition with amendment is as follows:

The science which traces the law of such of the phenomena of society as arise from the combined operations

of mankind for the production of wealth, in so far as those phenomena are not modified by the pursuit of any other object. . . .

But while this is a correct definition of political economy as a portion of the field of science, the didactic writer on the subject will naturally combine in his exposition, with the truths of pure science, as many of the practical modifications as will, in his estimation be most conducive to the usefulness of his work.¹²⁴

The most important work of Mill's from the viewpoint of the economist, his *Principles of Political Economy with Some of Their Applications to Social Philosophy*, appeared in 1848. He had hoped to do a work in the character and style of Adam Smith's masterpiece. Whether or not Mill actually achieved this ambition need not be decided here. The important consideration is that it was the extra-economic quality of the *Wealth of Nations* which moved Mill to want to imitate that work.

Except on matters of mere detail there are perhaps no practical questions, even among those which approach nearest to the character of purely economical questions which admit of being decided on economical premises alone. And it is because Adam Smith never loses sight of this truth; because, in his applications of Political Economy, he perpetually appeals to other and often far larger considerations than pure Political Economy affords—that he gives that well-grounded feeling of command over the principles of the subject for purposes of practice, owing to which the *Wealth of Nations*, alone among treatises on Political Economy has not only been popular with general readers, but has impressed itself strongly on the minds of men of the world and of legislators.¹²⁵

Mill is here reverting to this Smithian conception of economics, after its having been almost totally abandoned by most of the Classical School. That ethical implications and ethical judgments become involved when economic principles are applied or put into practice needs no laboring.

In a very succinct sentence, speaking of himself in the third

person, Mill sums his dual conception of political economy in the conclusion of his preface to the 1848 edition of his *Principles*: "Though he desires that his treatise should be more than a mere exposition of the abstract doctrines of Political Economy, he is also desirous that such an exposition should be found in it." ¹²⁶

Mill did not mix ethics with economics; he wanted the economist to be aware of when his data were purely economic and of when they were more than economic; also he wanted the economist to go beyond the economic at times, but to recognize that he was doing so.

The very title of Mill's chief economic work brings out further this dualistic conception by the use of the phrase, "with some of their applications to social philosophy," in connection with the *Principles of Political Economy* as his title. In this work the "principles" are to be found but their broader implications for social philosophy, as conceived by Mill, at least, are not neglected. Ingram took Mill to task for his title and Bonar agrees when he says that "it ought to have read 'with some of their applications to *other* branches of Social Philosophy.'" ¹²⁷ But such is precisely what Mill did say in his preface: "For practical purposes, Political Economy is inseparably intertwined with many *other* branches of Social Philosophy." ¹²⁸

Patten recognizes this distinction made by J. S. Mill but finds him in error because of it:

He is undoubtedly right in assuming that practical measures should not be judged solely by their effects on the quantity of material wealth. But I do not see how he departs from pure economic considerations in rejecting this standard. His error is in limiting economic science to such a narrow field, thus creating the need of a science to treat of problems of social progress. This separation is due to the artificial conditions of the period of Bentham and Ricardo, and by ignoring it, Mill helped to restore that unity which social problems had in the time of Adam Smith, before utilitarian and economic considerations became parts of independent sciences. ¹²⁹

Of the method of both Mill and certain other economists J. N. Keynes gives as his opinion that they begin "with abstractions, but do not end with them; and herein is the true method of the science roughly set forth."¹³⁰

Mill repeatedly expressed this conception of political economy. For instance, in his essay on Comte, he wrote: "A person is not likely to be a good economist who is nothing else."¹³¹ Or, again, in his letter announcing to Comte his intention of doing a work on economics, Mill expressed his pleasure at receiving Comte's approbation, for he feared that Comte might have thought it "essentially anti-scientific." "... and so it would really be if I did not take the greatest possible care to establish the purely provisional character of any doctrine on industrial phenomena which leaves out of sight the general movement of humanity."¹³²

Viner goes so far as to say that "Mill introduced into the main line of English economic thought the sentimentality, the heart-throbbing, which Bentham, James Mill, Ricardo, McCulloch, Malthus, and Senior had carefully avoided."¹³³

J. N. Keynes concluded that Mill, when considering practical applications of economic science

... is agreed that the economist ought himself to turn his attention to them—not, however, in his character as a pure economist, but rather as a social philosopher, who, because he is an economist is in possession of the necessary theoretical knowledge. It is held that if this distinction is drawn, the social and ethical aspects of practical problems—which may be of vital importance—are less likely to be overlooked or subordinated.¹³⁴

Mill recognized the part that ethics played in his economics and commented upon it in his *Autobiography* (1873), attributing this part of his work to his wife.

What was abstract and purely scientific was generally mine; the properly human element came from her! in all that

concerned the application of philosophy to the exigencies of human society and progress, I was her pupil, alike in boldness of speculation and cautiousness of practical judgment.¹³⁵

He further tells how difficult it was for him to break away from the old economics, and that it was under the influence of the Saint-Simonians that his "eyes were opened to the very limited and temporary value of the old political economy."¹³⁶ Indeed, he was not abashed to tell his readers that his work on *Principles*

. . . was, from the first continually cited and referred to as an authority, because it was not a book merely of abstract science, but also of application, and treated Political Economy not as a thing by itself, but as a fragment of a greater whole; a branch of Social Philosophy, so interlinked with all the other branches, that its conclusions, even in its own peculiar province, are only true conditionally, subject to interference and counteraction from causes not directly within its scope. . . . Political Economy, in truth, has never pretended to give advice to mankind with no lights but its own; though people who knew nothing but political economy (and therefore knew that ill) have taken upon themselves to advise, and could only do so by such lights as they had.¹³⁷

In examining Mill's chief work one will find not a few examples of his application of the principles of political economy to social philosophy. He makes a distinction between production and distribution which opens wide the door for ethics to enter into economics. In fact, Mill virtually "bows in" ethics:

The laws and conditions of the Production of wealth partake of the character of physical truths. There is nothing optional or arbitrary in them. . . .

(It is not so with the Distribution of wealth. That is a matter of human institution solely. The things once there, mankind, individually or collectively, can do with them as they like. . . . The distribution of wealth, therefore, depends on the laws and customs of society. The rules by which it is determined are what the opinions and feelings of the ruling portion of the community make them, and are very different

in different ages and countries; and might be still more different, if mankind so chose.¹³⁸

And if "mankind can choose" it can choose wrongly or rightly, justly or unjustly. Speaking of his own conception in contrast with that of some of the Classical economists (he does not mention them by name), Mill says:

... given certain institutions and customs, wages, profits, and rent will be determined by certain causes; but this class of political economists drop the indispensable presupposition, and argue that these causes must, by an inherent necessity, against which no human means can avail, determine the shares which fall, in the division of the produce, to labourers, capitalists, and landlords. The "Principles of Political Economy" yielded to none of its predecessors in aiming at the scientific appreciation of the action of these causes under the conditions which they presuppose; but it set the example of not treating those conditions as final.¹³⁹

Mill finds further that the

... laws of property have never yet conformed to the principles on which the justification of private property rests.¹⁴⁰

They have not held the balance fairly between human beings, but have heaped impediments upon some, to give advantages to others; they have purposely fostered inequalities, and prevented all from starting fair in the race. That all should indeed start on perfectly equal terms is inconsistent with any law of private property! but if as much pains as has (sic) been taken to aggravate the inequality of chances arising from the natural working of the principle, had been taken to temper that inequality by every means not subversive of the principle itself; if the tendency of legislation had been to favour the diffusion, instead of the concentration of wealth—to encourage the subdivision of the large masses, instead of striving to keep them together; the principle of individual property would have been found to have no necessary con-

nexion with the physical and social evils which almost all Socialist writers assumed to be inseparable from it.¹⁴¹

The use of ethical terms in the above citations is, to say the least, profuse. Mill continues with the observation that "the object to be principally aimed at, in the present stage of human development, is not the subversion of the system of individual property, but the improvement of it, and the full participation of every member of the community in its benefits."¹⁴² The ethical nature of his treatment here needs no urging, but if any doubt were left, he dispels it in his *Autobiography* when he avows that he is looking forward to a time "when the division of the produce of labour, instead of depending in so great a degree as it now does on the accident of birth, will be made by concert on an acknowledged principle of justice. . . ."¹⁴³

Since this work is not devoted to the thought of any single author, space will hardly permit much more exhaustive reference to the divers occasions on which Mill discerned and treated the ethical in the economic. A few more instances, however, are of such importance that they must be presented. Keynes asserts that "it would be difficult to find a better instance of an ethical treatment of economic problems than is contained in the chapter on 'The Probable Futurity of the Labouring Classes.'"¹⁴⁴ It is in this section that Mill says:

I do not recognise as either just or salutary, a state of society in which there is any "class" which is not labouring; any human beings, exempt from bearing their share of the necessary labours of human life, except those unable to labour, or who have fairly earned rest by previous toil.¹⁴⁵

Concerning the labor-capital relationship, Mill found that: "The total absence of regard for justice or fairness in the relations between the two, is as marked on the side of the employed as on that of the employers."¹⁴⁶ The question of the soundness of this judgment at the time that Mill made it is no concern of

this study; that he was concerned with the question of justice in these relationships is the significant fact.

In discussing inheritance and its application to illegitimate children, Mill is interested in "the justice of the case."¹⁴⁷ Again, while we may find it hard to agree with his reasoning or conclusions, nevertheless, in discussing population, he speaks of "duty," "moral obligations," "morality," "incontinence."¹⁴⁸

Discussing taxation in Book V, Chapter II, Mill is concerned about "equitability," "inequality," "common honesty," etc. Remedies for low wages are discussed in Book II, Chapters XII and XIII.

Writing on value, he observed: "Political economy has nothing to do with the comparative estimation of different uses in the judgment of a philosopher or of a moralist. The use of a thing, in political economy means its capacity to satisfy a desire or serve a purpose."¹⁴⁹ Judging from his writings, however, Mill would not have said that the "comparative estimation of different uses in the judgment of a philosopher or of a moralist" was to be ignored even by the economist, but simply that it was not a part of pure political economy.

Mill showed an awareness of the moral question involved in competition when he wrote:

I do not pretend that there are no inconveniences in competition, or that the moral objections urged against it by Socialist writers, as a source of jealousy and hostility among those engaged in the same occupation, are altogether groundless. But if competition has its evils, it prevents greater evils.¹⁵⁰

In discussing Socialism or Communism, Mill had no hesitancy in introducing ethical criteria and in giving his judgment:

If, therefore, the choice were to be made between Communism with all its chances, and the present (1852) state of society with all its sufferings and injustices; if the institution of private property necessarily carried with it as a con-

sequence, that the produce of labour should be apportioned as we now see it, almost in an inverse ratio to the labour—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, etc. . . . if this or Communism were the alternative, all the difficulties, great or small, of Communism would be but as dust in the balance.¹⁵¹

But Mill goes on to show that such is not the choice, and his eventual conclusion on Socialism was that it "is not available as a present resource, since it requires from those who are to carry on the new order of things qualities both moral and intellectual, which require to be tested in all, and to be created in most."¹⁵²

John Stuart Mill's philosophy and, hence, his moral philosophy or ethics, was individualistic and utilitarian. Both of these aspects of his thought shall be examined with the view toward giving greater elaboration of the type of ethics espoused by this economist.

Hobson says that Mill's "abandonment of the individualism that was the *vis matrix* of the Classical Political Economy brought the whole structure to the ground."¹⁵³ Gide and Rist find Mill "really a somewhat sceptical disciple of the school"¹⁵⁴ of individualism and assert that his frequent changes of opinion were "embarrassing." Gide and Rist attempt to free Mill from the onus of egoism and egotism, contending that merely because a person seeks his own good it does not "imply that he desires the failure of others. Individualism does not exclude sympathy, and a normal individual feels it a source of gratification whenever he can give pleasure to others."¹⁵⁵ Nevertheless, it must be remembered that even if such be the case, the real problem arises when the individual interest clashes with the social interest, not when the individual feels it a "source of gratification" to act in the social interest, Albeit, Mill does urge action in the social interest, but his sanction for it seems to break down.

... it would be unworthy of an intelligent agent not to be consciously aware that the action is of a class which, if practised generally, would be generally injurious, and that this is the ground of the obligation to abstain from it. The amount of regard for the public interest implied in this recognition, is no greater than is demanded by every system of morals, for they all enjoin to abstain from whatever is manifestly pernicious to society.¹⁵⁶

Yet Mill admits that "No reason can be given why the general happiness is desirable except that each person, so far as he believes it to be attainable, desires his own happiness."¹⁵⁷ It would appear, then, that Mill, as do all utilitarians, ignores the objective side of happiness. Mill seems to say that we should "love our neighbor as ourselves" but can't seem to find a reason. Macfie's conclusion on the point is that

While he is in the deductive and atomistic tradition of the "economic man" hypothesis, he also finally concluded that in spite of the actual "weakness of interest in the common good," general happiness is ultimately superior to individual. (Autobiog., p. 197)¹⁵⁸

On the economic level of individualism, Mill became an adherent of *laissez-faire* as a general principle. The degree to which he thought, or did not think, *laissez-faire* necessary is not so pertinent to this study, but the illuminating consideration is that he considered the question in terms of good and evil. "*Laissez-faire*, in short, should be the general practice: every departure from it, unless required by some great good, is a certain evil."¹⁵⁹ Utility, of course, was the test; if the greatest good of the greatest number is served thereby, the government should intervene. His willingness to apply this criterion led him to the point where he was willing to sanction government limitation of the work-day to nine hours!¹⁶⁰ He specifically stated that he was not at this point recommending it, but that in principle, under certain circumstances, he could go along with such a government restriction. But this concession to a maximum number

of hours in the working-day is not propounded primarily in the interest of any abstract canon of justice, or of what is consistent with human dignity, but rather to aid the greater number of individuals in achieving what they consider to be their self-interest, and which could not be achieved without the aid of the state.

. . . it serves to exemplify the manner in which classes of persons may need the assistance of law, to give effect to their deliberate collective opinion of their own interest, by affording to every individual a guarantee that his competitors will pursue the same course, without which he cannot safely adopt it himself.¹⁶¹

Mill's acceptance of the utilitarian canon of ethics is too well known to need any demonstration here. Historians of economic thought and of ethics agree in pointing out that Mill introduced qualities or grades of pleasure into the hedonic calculus; not merely a sum of pleasures, but higher and lower pleasures were to be taken into account. These same writers point out that such a conception breaks down the whole Benthamic standard.¹⁶² The significance for economics of this conception of Mill's is pointed out by Macfie when he writes:

. . . whenever we depart from radical individualism, as John Stuart Mill in fact did when he recognized qualitative differences in pleasures, we are committed to new ideals and to new social units. . . . This is the great divide; for where it is recognised that social realisations can conflict with individual satisfactions, the normative element in economics can no longer be suppressed. Where there is such a conflict only a norm can offer the road to reconciliation.¹⁶³

Mill went so far as to assert that "In the golden rule of Jesus of Nazareth we read the complete spirit of the ethics of utility. To do as you would be done by, and to love your neighbour as yourself, constitute the ideal perfection of utilitarian morality."¹⁶⁴ It might be asked, where is the sanction of the golden

rule of Jesus of Nazareth for those who have no real belief in Jesus as God? According to Jesus, the love of neighbor proceeds from the love of God. Supposing that immediate or even long run utility to the individual does not seem to result from a particular mode of conduct, where will be the sanction for his following it anyway simply because it is in the social interest? For, as Mill said, "the sole evidence it is possible to produce that anything is desirable is that people do actually desire it."¹⁶⁵ Rickaby sardonically comments that according to this ethic, "if one waits on the sick for the love of God and another in hope of a legacy, the morality of these two acts is the same. . . ." ¹⁶⁶ But what, other than the love of God, is to force one to any action which does not seem to carry with it a balance in favor of individual utility?

All this may seem like a "flight from economics," although it should not appear so if one remembers a central fact about Mill's work, which Haney emphasizes, namely, that "Without understanding Mill's utilitarian principles, it is quite impossible to comprehend his political economy. In his utilitarianism alone, is unity to be found in Mill,—a unity of purpose."¹⁶⁷

By virtue of his utilitarianism, Mill, as did Bentham, eschewed any conceptions of nature or a natural law in his economic-ethics. His ethics is not based upon any natural theology or theodicy. As Ingram noted of Mill:

He anticipates the ultimate disappearance of theism, and the substitution of a purely human religion, but believes that the existing doctrine will long be necessary as a stimulus and a control. He thus saps existing foundations without providing anything to take their place, and maintains the necessity of conserving for indefinite periods what he has radically discredited.¹⁶⁸

Mill himself had said: "I am thus one of the very few examples, in this country, of one who has not thrown off religious belief, but never had it."¹⁶⁹ It has been seen that Mill recognized that

economic questions must be judged by more than economic criteria. But the chill wind of his utilitarian ethics blows this distinction to pieces, since in the denial of even a natural theology he denies any objective basis for determining right or wrong, justice or injustice, in economic or any other questions. True, he distinguishes between physical and mental utility and considers the latter the higher, but again, how is he to measure among these higher utilities? It was precisely this ethic which, as was seen above, robbed Mill of any logical sanction for enforcing the higher over the lower, or the social over the individual interest. Haney notes this when he concludes:

In thus asking a primitive man—one actuated by self-interest and molded by physical environment—to progress along lofty social lines, he again shows that same lack of harmony or synthesis between mind and matter—man and environment—individual and society—which has been observed in so many other economists.¹⁷⁰

To conclude then, perhaps Mill's chief contribution to economics lay not in any original economic concepts but in his recognition and development of its philosophical underpinnings. True, as has been pointed out above, there appears to be some lack of logical coherency at times. Marx referred to Mill's work as an "attempt to reconcile irreconcilables."¹⁷¹ The irreconcilables seen by a non-materialist, non-Socialist are perhaps different than those noted by Marx, but exist, nevertheless. As Fetter pointed out, "Even moderate and liberal critics, such as Roscher, Ingram, Cannan, declare that he is in matter of philosophy, and theory, 'incoherent,' and that he failed to realize his purpose."¹⁷² To this charge substantial assent can be given and a conclusion arrived at in terms of Ruskin's whimsical but quite serious observation concerning Mill: "Many of his chapters are, therefore, true and valuable; and the only conclusions of his which I have to dispute are those which follow from his premises."¹⁷³

John Elliott Cairnes (1824-1875)

The last of the English Classicists and the exponent of an economics rigidly amoral, abstracted, and wholly in the spirit of the more severe aspect of that school was John Elliott Cairnes. The earlier of his two most important works was *The Character and Logical Method of Political Economy* (1st ed., 1857). As the title implies, it is a work on the scope and content of the science, and the author leaves his readers in no doubt of his conception of its relation to ethics or any of the moral sciences. Along with Senior he conceived of economics as utterly independent of any practical or ethical considerations.

... there are few practical problems which do not present other aspects than the purely economical—political, moral, educational, artistic aspects—and these may involve consequences so weighty as to turn the scale against purely economic solutions. On the relative importance of such conflicting considerations Political Economy offers no opinion, pronounces no judgment—thus, as I said, standing neutral between competing social schemes; neutral as the science of Mechanics stands neutral between competing plans of railway construction, in which the expense, for instance, as well as mechanical efficiency, is to be considered; neutral as Chemistry stands neutral between competing plans of sanitary improvement; as Physiology stands neutral between opposing systems of medicine. It supplies the means, or, more correctly, a portion of the means for estimating all; it refuses to identify itself with any.¹⁷⁴

Cairnes' ideal of political economy was that of "a science in the same sense in which Astronomy, Dynamics, Chemistry, Physiology are sciences."¹⁷⁵ Its subject matter is, of course, different; it treats of wealth while they deal with physical phenomena; "... it expounds the laws of the phenomena of wealth";¹⁷⁶ "... but its methods, its aims, the character of its conclusions, are the same as theirs."¹⁷⁷

According to Cairnes the economist must stop

... precisely at that point at which in the course of his reasoning he finds himself in contact with some phenomenon not economic, with some physical or mental fact, some political or social institution. So soon as he has traced the phenomena of wealth to causes of this order, he has reached the proper goal of his researches; and such causes, therefore, are properly regarded as "ultimate" in relation to economic science.¹⁷⁸

He did not hold that these extra-economic considerations need not be treated, but simply "that this analysis and explanation is not the business of the economist—is not the specific problem which he undertakes to solve."¹⁷⁹

Cairnes took issue with what he saw as the tendency of certain of the French economists towards widening the limits of the science to include "a large portion at least of the facts presented by man's moral and social nature."¹⁸⁰ He refused to allow the economist "to wander from those ideas which are strictly appropriate to his subject into considerations of equity and expediency which are proper only to the more extensive subject of society."¹⁸¹ Cairnes thought the objections to doing so were "fundamental and insuperable,"¹⁸² since there was something, to his mind, "incompatible" about the "nature of the investigations"¹⁸³ which are here combined.

His reasons for isolating the purely economic from all moral, humanitarian or other considerations were that:

In Political Economy, as in all those branches of inquiry which include among their premises at once the moral and physical nature of man, the facts to be taken account of are so numerous, their character so various, and the laws of their sequence so obscure, that it would seem scarcely possible to ascertain them all, much less assign to each its exact value. And even if this were possible, the task of tracing these principles to their consequences, allowing to each its due significance, would present a problem so complex and difficult as to defy the powers of the most accomplished reasoners.¹⁸⁴

Cairnes considered the frequently asked question, "How far should moral and religious considerations be admitted as coming within the purview of Political Economy?" Before giving his answer he insisted that this question "be distinguished from another question with which it is commonly confounded, viz., "How far should economic considerations be made subordinate to considerations of morality in the art of government?"¹⁸⁵ His answer to the former question was:

Moral and religious considerations are to be taken account of by the economist precisely in so far as they are found, in fact, to effect the conduct of men in the pursuit of wealth. In so far as they operate in this way, such considerations are as pertinent to his inquiries as the desire for physical well-being, or the propensity in human beings to reproduce their kind; and they are only less important as premises of his science than the latter principles, because they are far less influential with regard to the phenomena which constitute the subject-matter of his inquiries.¹⁸⁶

But, of course, these considerations are to be taken account of by the economist *only* in so far as they influence "the conduct of men in the pursuit of wealth."

Cairnes did allow that the same progress could not be expected in political economy as in the mathematical and physical sciences.

It would, indeed, be vain to expect that Political Economy should be as rapidly and steadily progressive as the mathematical and physical sciences. Its close affinity to the moral sciences, as has been often pointed out, brings it constantly into collision with moral feelings and prepossessions which can scarcely fail to make themselves felt in the discussion of its principles; while its conclusions, intimately connected as they are with the art of government, have a direct and visible bearing upon human conduct in some of the most exciting pursuits of life.¹⁸⁷

Yet, according to Cairnes, these "moral feelings and prepossessions" are disturbing influences which must be ruled out of the

science except "in so far as they are found, in fact, to effect the conduct of men in the pursuit of wealth."

Indeed, according to Cairnes, no practical consideration whatever may enter the scope of economic science:

Whatever takes the form of a plan aiming at definite practical ends—it may be a measure for the diminution of pauperism, for the reform of land-tenure, for the extension of co-operative industry, for the regulation of the currency, or it may assume a more ambitious shape, and aim at reorganizing society under spiritual and temporal powers, represented by a high priest of humanity and three bankers—if its object be to accomplish definite practical ends, then I say it has none of the characteristics of a science and has no just claim to the name.¹⁸⁸

Turning now to the later of Cairnes' two most important works, *Some Leading Principles of Political Economy* (1874), it would appear that he did not always adhere to his own premises regarding the scope of the science. For he was not above ex-coriating the "make-work" practices of the trade unions "... as the most intensely selfish and most flagrantly anti-social of all the plans of conduct by which, at various times, different classes of society have attempted, in disregard of the general social weal, to advance their several interests."¹⁸⁹

At another point, not hesitating to give advice, he offers the rather unusual suggestion (unusual considering the remainder of his doctrine and his whole conception of the science):

It appears to me that the condition of any substantial improvement of a permanent kind in the labourer's lot is that the separation of industrial classes into labourers and capitalists which now prevails shall not be maintained; that the labourer shall cease to be a mere labourer—in a word, that profits shall be brought to reinforce the Wages-fund.¹⁹⁰

The difficulties he sees in the way of realizing this recommendation are, in his own words, "moral."

... the obstacles in the way are not physical, are not even economic, but moral or intellectual; or, if economic, only in so far as economic results depend on intellectual and moral conditions. What workmen have to overcome in order to engage effectively in co-operative industry is, first, the temptation to spend their means on indulgences generally pernicious, and which at all events may without detriment be dispensed with; and secondly, the obstacles incident to their own ignorance and generally low moral condition.¹⁹¹

Of course, in this latter instance, he is not overstepping his conception of the boundaries of the science since he is only pointing out causes and effects. However, in still another instance, Cairnes was wholly non-Cairnes when he wrote:

It is important on moral no less than on economic grounds to insist upon this, that no public benefit of any kind arises from the existence of an idle rich class. The wealth accumulated by their ancestors and others on their behalf, where it is employed as capital, no doubt helps to sustain industry; but what they consume in luxury and idleness is not capital, and helps to sustain nothing but their own unprofitable lives. By all means they must have their rents and interest, as it is written in the bond, but let them take their proper place as drones in the hive, gorging at a feast to which they have contributed nothing.¹⁹²

Well did the liberalist popularizers of the nineteenth century know what aspects of the Classical theory to tone down, for passages such as this, although they did not set the tone of any economist's thought, are not infrequent with all of them.

Cairnes took issue with Bastiat for holding that that distribution which results from the free play of economic forces "is not merely that which the circumstances of the case renders inevitable, but also that which justice and natural right prescribe."¹⁹³ Cairnes could not see distribution on any but economic terms:

The agencies in operation are essentially out of the moral sphere; and if it should in fact happen that the results arising

from their free action in any given case prove to be in strict accordance with the claims of moral justice, and with so-called "natural rights," I do not see that we should be justified in regarding the coincidence as other than a fortunate accident.¹⁹⁴

And then he comes forth with the rather startling indictment that "In point of fact, the practical consequences accruing from the conditions of industry in this and other civilized countries are not such, as for my part, I should find it easy to reconcile with any standard of right generally accepted amongst men."¹⁹⁵ Cairnes felt that the only justification for the then prevailing system of industry was that it secured for the mass of mankind "a greater amount of material and moral well-being . . . than any other plan that has been yet, or apparently can be, devised."¹⁹⁶ In this second work, then, which appeared seventeen years after the first, and only one year before his death, Cairnes did make some nods in the direction of ethics, but in a pessimistic fashion despaired of reconciling the distributive system with any rule of justice:

I am unaware of any rule of justice applicable to the problem of distributing the produce of industry; and secondly, that any attempt to give effect to what are considered the dictates of justice, which should involve as a means toward that end a disturbance of the fundamental assumptions on which economic reasoning is based—more especially those of the right of private property and the freedom of individual industry—would, in my opinion, putting all other than material considerations aside, be inevitably followed by the destruction or indefinite curtailment of the fund itself from which the remuneration of all classes is derived.¹⁹⁷

On the whole, then, the work of the last of the English Classical economists was most abstract and isolated, even austere. He conceived of economics as the pure science of wealth without any consideration of its relation to human welfare. All the analogies made by Cairnes to demonstrate his conception of the science are with the mechanical and physical sciences,

where the phenomena are for the most part independent of human will, whereas economic and all social phenomena are inspired by man for the most part and give rise to relationships between humans which are either tolerable or intolerable. Cairnes attempted to apply the same method rigorously to both types of sciences, although he did admit that progress is more difficult in the moral than in the physical sciences. As Gray concluded:

If this austere doctrine were honoured in practice, it would mean the separation of economics from its living inspiration; and the effect of taking at their face-value the views expressed by Cairnes elsewhere is to accentuate the abstract, detached academic nature of economic study.¹⁹⁸

Jean-Baptiste Say (1767-1832)

Jean-Baptiste Say was the founder of the French Classical School and the leading French economist of the nineteenth century. His two better known works were *Traité d'économie politique* (1803) and *Cours complet d'économie politique pratique* (1828-1829). In his introductory "advertisement" to the American edition (1834) of the earlier work, Clement Biddle, in phrases strangely parallel to those of Mill, claims a broader scope for Say's work than most of the historians of economics, and even than the great French economist himself claimed.

Nor was M. Say a mere political economist; else had he been necessarily a bad one. He knew that a subject so "immersed in matter" (to use the fine expression of Lord Bacon), as a nation's prosperity, must be looked at on many sides, in order to be seen rightly even on one.¹⁹⁹

Gide and Rist, perhaps, give a more correct opinion when they write that "Political Economy in Say's hands became a purely theoretical and descriptive science. The role of the economist, like that of the savant, is not to give advice, but simply to ob-

serve, to analyse and to describe." ²⁰⁰ These writers cite Say's letter to Malthus in which he wrote: "'What we owe the public is to tell them how and why such and such a fact is the consequence of another. Whether the conclusion be welcome or rejected, it is enough that the economist should have demonstrated its cause; but he must give no advice.'" ²⁰¹ Boucke speaks of Say's "categorical exclusion of morals from economy. . . ." ²⁰² In his article in *Palgrave's Dictionary*, M. Gide holds of Say that "It is he, more than any other writer, who impressed on political economy the character of a natural science, as is clearly shown in the sub-title of his book, *Simple exposition de la manière dont se forment, se distribuent et se consomment les richesses. . .*" ²⁰³

Say, himself, in his *Treatise on Political Economy*, stated that he considered economics to be an exact science "composed of a few fundamental principles, and of a great number of corollaries or conclusions, drawn from these principles." ²⁰⁴ He further informed his readers that the principles of his *Cours complet d'économie politique pratique* were not basically different from those of his earlier works, only more developed. ²⁰⁵ In this later work Say presents a restricted conception of economics and uses mechanical and physical analogies strikingly similar to those of Senior and Cairnes.

. . . un grand nombre d'économistes, qui ne voient dans cette science que l'art de gouverner, ou de diriger le gouvernement dans la route du bien public. Je pense qu'on s'est mépris sur son objet. Elle est sans doute bien propre à diriger les actions des hommes; mais elle n'est pas proprement un art, elle est une science; elle enseigne ce que sont les choses qui constituent le corps social, et ce qui résulte de l'action qu'elles exercent les unes sur les autres. Sans doute cette connaissance est très profitable aux personnes qui sont appelées à en faire des applications en grand; mais c'est de la même manière qu'elles font usage des autres lois qui ont été trouvées, en physique, en chimie, en mathématiques. ²⁰⁶

According to Say the same object (wealth) may be the sub-

ject of two different studies. Looking at wealth from a dual viewpoint, he said:

Dans un gain frauduleux, il verra un déplacement de richesse lorsque le moraliste y condamnera une injustice. L'un et l'autre regarderont une spoliation comme funeste; l'économiste parce qu'un tel déplacement est nuisible à la production véritable; le moraliste parce qu'il porte une dangereuse atteinte aux vertus sans lesquelles il n'est point de solide bonheur, ni même de société.²⁰⁷

In fact, the two studies, without being confused, lend each other mutual support.

L'étude de l'économie politique et celle de la morale se prêtent, comme on voit, sans se confondre un appui mutuel. La suite de ce cours en offrira bien d'autres exemples. Toutes les sciences n'en feraient qu'une, si l'on ne pouvait cultiver une branche de nos connaissances sans cultiver toutes celles qui s'y rattachent; mais alors quel esprit pourrait embrasser une telle immensité!²⁰⁸

J. B. Say is, in fact, here offering the same reason for rigidly restricting his economics as had Cairnes, namely, the immensity of the task facing the scholar if such were not done.

Villeneuve-Bargemont holds that Say began with the intention of separating economics proper from any social, religious or moral considerations, but that he was inevitably led to approach the higher questions and ended by giving to it the name Social Economy.

M. Say annonçait l'intention de séparer entièrement l'économie politique (c'est-à-dire l'exposition scientifique de la manière dont se produisent, se répartissent et se consomment les richesses) de la politique proprement dite et des considérations sociales, religieuses et morales; néanmoins il fut inévitablement entraîné à aborder les plus hautes questions de l'ordre social et il finit même par avouer que la science qu'il a prétendu circonscrire dans les limites tracées par Smith, touchant à tout dans la société, il préférait lui voir donner le

nom économie sociale qui lui paraît, mieux que tout autre caractériser le but et l'étendue de ses recherches. Du reste, la majeure partie des questions morales qui se rattachent à l'économie politique, ne sont à ses yeux que secondaires et souvent même étrangères à la science.²⁰⁹

In fact, in the opening paragraph of his *Cours Complet* Say speaks of his preference for the term Social Economy over that of Political Economy: ". . . une science à laquelle on a donné le nom d'*économie politique*, et qu'on aurait peut-être mieux fait de nommer économie sociale."²¹⁰ Say was primarily interested that his subject should not in any way be confused with politics but the question cannot long remain unasked whether this designation as well as the use of the term "pratique" in the title does not throw the whole subject squarely in the shadow of ethics. Such a procedure, of course, Say disavowed: "Un des grands moyens de perfectionnement des connaissances humaines est de se tenir sur les bornes prescrites par la nature des choses à chaque branche de connaissances. C'est alors que l'on peut espérer de savoir tout ce qu'il est permis d'en savoir."²¹¹

Unlike later scientific purists, Say cannot seem to refrain from punctuating his work with those little asides which are very often wholly ethical. For example, he questions the equity of the existing system of distribution in the following terms:

Is it true, that those classes receive their fair proportion of the gross produce, in return for their productive exertions? How many individuals live in constant penury, in the countries considered as the most wealthy! How many families are there, both in town and country, whose whole existence is a succession of privations; who, with every thing (sic) around them to awaken their desires, are reduced to the satisfaction of the very lowest wants, as if they lived in an age of the grossest barbarism and national poverty!

Thus I am forced to infer, that, though unquestionably there is an annual saving of produce in almost all the nations of Europe, this saving is extorted much more commonly from urgent and natural wants, than from the consumption of superfluities, to which policy and humanity would hope to trace

it. Whence arises a strong suspicion of some radical defect in the policy and internal economical systems of most of their governments.²¹²

And, again, another of Say's *obiter dicta* planted squarely in the economic work is:

... a fortune amassed by rapine or extortion is no addition to the national stock; it is rather a portion of capital transferred from the hands of one man, where it already existed, to those of another, who has exerted no productive industry. On the contrary, it is but too common, that wealth ill-gotten is ill-spent also.²¹³

In part four of his *Cours complet* Say makes a concession which places economics in a position subordinate to ethics even if, according to him, ethical considerations do not enter economics:

Certains philosophes ascétiques ont prétendu qu'on est toujours assez riche quand on sait vivre de peu, et conséquemment ils ont mis au premier rang des vertus la modération dans les désirs. Ils ont raison en ceci que nous ne devons pas désirer ce qui peut nous devenir préjudiciable, et je comprends là-dedans ce qui blesse la justice et outrage la vertu.²¹⁴

While Jean-Baptiste Say was perhaps not so definitely utilitarian as many of the Classical economists, Rambaud classes him thus when he writes: "Il n'est pas moins regrettable que sa morale, purement utilitaire au sens de Bentham, n'ait eu qu'une base absolument fragile et fausse, que la saine philosophie est incapable d'avouer."²¹⁵

In conclusion, then, Say was a real Classicist—both a liberal and an optimist—his optimism tending to justify the existing order of things on the whole, even though here and there are found some dissenting passages which are not essential to his whole system.

Claude Frédéric Bastiat (1801-1850)

Bastiat is generally known, at least among English speaking economists, as a popularizer rather than an original contributor; he died before his work was completed, the most important work, the *Harmonies Economiques*, having been published posthumously in 1850. And at that, only the first volume appeared. His gift for satire, his delightful style, ready wit, and hyperbolic illustrations have made his books rather well-known. Such diverse thinkers as Marshall, Sidgwick, Böhm-Bawerk, Proudhon, Cairnes and Lassalle all considered him non-scientific.²¹⁶ His compatriots of a later generation, Gide and Rist, insist that "the purely scientific part of his work is by no means negligible."²¹⁷ His English translator, one Patrick James Stirling, in his introductory notice to the *Harmonies*, speaks of the almost theological character of Bastiat's work: "Throughout, it treats of Political Economy (and it is perhaps the only work which does so, at least systematically) in connexion with final causes, and demonstrates the Wisdom and Goodness of God in the economy of civil society."²¹⁸ Sidgwick said of him:

In Bastiat's conception of the fundamental problem of Political Economy the questions of Science and Art are completely fused; his aim being, as his biographer says, "to prove that that which is"—or rather would be, if government would only keep its hand off—"is conformable to that which ought to be": and that every one tends to get exactly his deserts in the economic order of unmodified competition. None of the English followers of Adam Smith has ever gone so far in this direction as Bastiat. . . .²¹⁹

Cairnes had noted of Bastiat's work

. . . that questions respecting the distribution of wealth are constantly confounded with the wholly different questions which the justification upon social grounds of existing institutions involves; and thus problems purely economic, come,

under his treatment of them, to be complicated with considerations which are entirely foreign to their solution.²²⁰

Bastiat was a Classicist but his economic laws, rather than being rigid, dull, brazen, were translated into bright, optimistic, Golden Rules. Instead of their being simply natural physical or mental laws, they were garbed with a metaphysical, even theological, character.

Le moteur moral qu'il assigne, avec Adam Smith, à la Société économique, l'intérêt personnel, tend naturellement et nécessairement vers le bien; l'homme, cependant, est sujet à l'erreur, et c'est pourquoi la Science a, aux yeux de Bastiat, une mission à accomplir; mais elle est telle, à ses propres yeux, qu'elle laisse exclusivement aux individus le soin de réaliser graduellement l'idéal social et ne comporte aucune intervention positive de l'état dans l'évolution des sociétés.²²¹

In his *Economic Harmonies*, when specifically considering the scope question, Bastiat would appear to set forth a conception of economics from which ethical and practical considerations had been abstracted, but, as will be seen later, this was not the case with the greater part of his work.

Political Economy is thus quite a science of observation and exposition. She does not say to men, "I enjoin you, I counsel you, not to go too near the fire"; she does not say, "I have invented a social organization; the gods have taught me institutions which will keep you a respectful distance from the fire." No, Political Economy only shows men clearly that fire will burn them, proclaims it, proves it, and does the same thing as regards all other social or moral phenomena, convinced this is enough. The repugnance to die by fire is considered as a primordial pre-existent fact, which Political Economy has not created, and which she cannot alter or change.²²²

Along these same lines he wrote:

I am not one of those who think that a science, as such, has natural and unalterable boundaries. . . . It is, then, our

weakness which obliges us to study separately a certain order of phenomena, and the classifications which result from it cannot escape a certain degree of arbitrariness.²²³

Taking up the question of moral considerations in economics, he defends the economists in so far as they have been to his mind scientists, and at the same time points out that there can be no contradiction between the principles of ethics and of economics.

Economists have of late been reproached with addicting themselves too much to the study of Wealth. . . . What! Wealth, the laws of its production, of its distribution, of its consumption,—is not this a subject vast enough, and important enough, to be made the object of a special science? If the conclusions of the Economist were at variance with those of morals and politics, I could conceive ground for the accusation. One might say to him, "In limiting your science you are mistaken, for it is not possible for two verities to run counter to each other." Perhaps one result of the work which I now submit to the public may be, that the Science of Wealth will be found to be in perfect harmony with all the other sciences.²²⁴

Not very much farther on in this same work, however, Bastiat is found to be far from considering political economy the science of wealth, for he wrote: "I said at the outset of this work that the object of Political Economy is man, considered with reference to his wants, and his means of satisfying these wants."²²⁵

When treating of the two topics which consumed a considerable portion of both his space and interest, Bastiat did not neglect the moral aspects of his subjects. Protection is objected to because, fundamentally, he considers it exploitation, and Socialism is rejected because it involves a denial of individual responsibility.²²⁶ Also, his theory of value would seem to carry an ethical implication, since natural value is denied and the essence of value is found to lie in human service.

Throughout Bastiat's work there are numerous cases in

which he points up the ethical implications in economic questions. These are not incidental, as with some writers, but appear to be essential. Only a few of the more important can be cited. For instance, he sees a moral motive urging us to economic activity at the outset:

First of all, we must acknowledge that the motive which urges us to the acquisition of riches is of providential creation, natural, and consequently moral. It has its source in that original and general destitution which would be our lot in everything, if it did not create in us the desire to free ourselves from it.²²⁷

When surveying the historical conceptions of the morality of wealth, Bastiat found:

In all ages, wealth, in a moral point of view, has been the subject of controversy. Certain philosophers and certain religions have commanded us to despise it; others have greatly prided themselves on the golden mean, *aurea mediocritas*. Few, if any, have admitted as moral an ardent longing after the goods of fortune.²²⁸

He put forth his own conclusion that "... the desire of wealth becomes immoral when it goes the length of inducing us to depart from the rules of justice, and that avarice becomes more unpopular in proportion to the wealth of those who addict themselves to that passion."²²⁹

Extending these thoughts he continued:

On the other hand, the opinions of all men, even of those who do not act up to their opinions, concur in honouring disinterestedness, generosity, self-control, and in branding that ill-regulated inordinate love of wealth which causes men not to shrink from any means of obtaining it. The same public opinion surrounds with esteem the man who, in whatever rank of life, devotes his honest and persevering labour to ameliorating the lot and elevating the condition of his family. It is from this combination of facts, ideas, and sentiments, it

would seem to me, that we must form our judgment on wealth in connexion with individual morality.²³⁰

And again, concerning the morality of wealth: "I also allow that when it is developed in a very unequal manner, creating a great gulf between classes, it has an immoral influence, and gives rise to revolutionary passions."²³¹ Bastiat attributed a moral superiority to the consumers, holding them responsible for the production of what Ruskin later termed "illth."

This subordination of the interests of the producer to that of the consumer, which we have deduced from the consideration of utility, is fully confirmed when we advert to the consideration of morality.

Responsibility, in fact, always rests with the initiative. Now where is the initiative? In demand.²³²

Still further:

It is for the man who seeks the enjoyment to consider whether it is proper, moral, rational, or productive of goods. The responsibility rests with him. . . .

If the human race is to be improved, it must be by the improved morality of the consumer, not of the producer.²³³

All these citations, it will be remembered, are from a work which he planned as his major contribution to economics.

Bastiat had even intended to have his last chapter deal with the "Relations of Political Economy with Morals, with Politics, with Legislation." He died before completing the work, and his translator reports that he left nothing on these questions except an introduction to his projected chapter on the "Relations of Political Economy with Religion."²³⁴ In this chapter, on the last page of his *Harmonies*, he wrote:

The phenomena of the social economy have likewise their efficient cause, and their providential intention. In this department . . . men have frequently denied the final cause precisely because the efficient cause assumes the character of an absolute necessity.²³⁵

Perhaps the chief criticism of Bastiat is that he allows his ethics to lead him to the most extreme type of liberalism, for example, rejecting social insurance because he thought it unjust to tax those who would not benefit from the funds so raised.²³⁶ He appears to forget that "the Lord helps those who help themselves" even when they use the government as an instrument of help. A man whose economics was so theological in its implications as was Bastiat's should have realized that even though God is in His heaven all will not be right with the world unless man does his part.

Bastiat's lack of scientific system is a flaw emphasized by most of the critics, and this diminishes, although it does not completely vitiate, the significance of his contribution to the particular phase of the "scope question" treated in this study.

Johann Heinrich von Thünen (1783-1850)

This curiously interesting economist, the chief German follower of English Classical Economics, is hailed by Haney as "one of Germany's most brilliant theorists," and compared to Ricardo by this historian.²³⁷ Whether Haney was a bit enthusiastic is not a consideration; von Thünen is, nevertheless, important for his contributions as an economist and significant from the point of view of the problem of this investigation because his work gives by direction and by implication some indication of his concept of the relationship between ethics and economics. His chief work, *Der Isolierte Staat* (3 vols., 1826-1863), is characterized by the historians of economic thought as a formless, non-systematic and unusual combination of algebraic formulae and humanitarian considerations.²³⁸

While von Thünen developed some interesting and curious doctrines concerning the land question and the "theory of localization," by means of which he arrived independently at the theory of rent, he also dealt to a considerable extent with what we call the labor problem, and it is here that he was concerned with the ethical aspect of economic questions.

Von Thünen was distressed by the prevalence of low wages and the clash of class interests thereby engendered. He attempted to discover whether this was a "natural" and necessary condition. This led him to the normative question, "what ought wages to be?" He felt that the economists had not given a satisfactory answer to this question merely by attributing wages to demand and supply, and accepting the existing wage system as inevitable.²³⁹ This was, of course, a notable break with most of the Classical economists, although it would not necessarily cut him off from Smith, of whom he was a self-avowed follower and student. As Edgar Salin remarks in his article in *Palgrave's Dictionary*: "Thünen must be credited with having recognized at an early date that 'the source of the evil is the separation of the worker from his product' and that the way of defending or glorifying existing wages gives no solution of the social or even the economic problem."²⁴⁰

Von Thünen had substantially discovered the marginal productivity theory of wages²⁴¹ and through it pointed up what he considered an injustice to labor in the prevailing wage system. He postulated the well-known principle that the application of successive units of labor and capital yields returns in a less than proportionate rate until the last or final unit that can be profitably employed is reached. But since each worker tends to get the marginal product, those above the margin are literally exploited. "Even if the last-added laborers do not produce more than enough to cover their wages, yet the preceding laborers afford a very considerable surplus to the undertakers, which gives them the means of paying a higher wage."²⁴² As a re-

sult, he considered his own wage formula as "natural" or "just."²⁴³ This was the famous statement that wages should be represented by \sqrt{ap} , a representing subsistence, and p , the productivity of the worker. The present generation of economists may feel, along with Knies, that von Thünen did not demonstrate his formula adequately by giving full and final proof; but the important consideration is that he does anticipate the marginal productivity theory and points out that because of it there is an opportunity, to him a necessity in justice, for profit-sharing. In short, he is recognizing what many labor economists stress, namely, that the marginal product determines what capital can pay but not necessarily what it does or must pay, especially considering the imperfections of competition and the immobility of labor.

All the historians of economic thought take keen delight in smiling at his rather extreme devotion to his formula expressed in the desire to have it inscribed on his tombstone. When one remembers that he did anticipate the later marginal productivity theory and that he was profoundly moved by its ethical implications, such a request, although odd and extreme, is certainly not ridiculous. The really significant feature would appear to be that he perceived and harmonized the economic and ethical elements in the wage question. Considering his whole theory, it is not surprising to learn that he introduced a sort of profit-sharing system on his own estate.

FOOTNOTES CHAPTER V

1. Henry Higgs, *The Physiocrats*, p. 3.
2. Karl Diehl, art., "The Classical School," *Encyclopedia of Social Sciences*, Vol. 5, p. 351.
3. Cf. *supra*, Chap. IV, pp. 90-94.
4. Diehl, *op. cit.*, p. 351.
5. Cf. *supra*, Chap. IV, pp. 97-103.
6. Lewis H. Haney, *History of Economic Thought*, p. 307.

7. Paul T. Homan, *Contemporary Economic Thought*, p. 55. Cf. also, James Bonar, art., "Jeremy Bentham," *Palgrave's Dictionary of Political Economy*, Vol. I, p. 132.
8. Jeremy Bentham, *An Introduction to the Principles of Morals and Legislation*, pp. 1-2. Oxford: The Clarendon Press, 1907.
9. Haney, *op. cit.*, p. 249.
10. Jeremy Bentham, *The Theory of Legislation*, p. 3. New York: Harcourt, Brace and Co., 1931. Translated from the French of Etienne Dumont by Richard Hildreth.
11. ———, *Deontology* (Bowring Ed.), Vol. I, pp. 10-11. London: Longman et al., 1834.
12. ———, *An Introduction to the Principles of Morals and Legislation*, p. 313. Oxford: The Clarendon Press, 1907.
13. James Bonar, *Philosophy and Political Economy*, p. 228.
14. Homan, *op. cit.*, p. 118.
15. Thorstein Veblen, *The Place of Science in Modern Civilization*, pp. 135-136.
16. O. Fred Boucke, *The Development of Economics, 1750-1900*, p. 164.
17. Jeremy Bentham, *Manual of Political Economy*, p. 33.
18. Boucke, *op. cit.*, p. 157.
19. Jeremy Bentham, *The Theory of Legislation*, p. 203. New York: Harcourt, Brace and Company, 1931.
20. Vilfredo Pareto, *The Mind and Society*, Vol. III, p. 942. New York: Harcourt, Brace and Co., 1935.
21. W. E. H. Lecky, *History of European Morals*, Vol. I, p. 34.
22. Plato, *The Republic*, Book VI, Modern Library Ed., p. 244.
23. Jeremy Bentham, *An Introduction to the Principles of Morals and Legislation*, p. 4. Oxford: The Clarendon Press, 1907.
24. James H. Dunham, *Principles of Ethics*, p. 218.
25. Simon N. Patten, *The Development of English Economic Thought*, p. 272.
26. John M. Clark, "Adam Smith and the Spirit of '76," in Carl Becker, *The Spirit of '76 and Other Essays*, p. 93.
27. Thomas R. Malthus, *Principles of Political Economy* (1821 ed.), p. 400.
28. ———, *An Essay on the Principle of Population* (1809 ed.), Vol. II, pp. 411-412.
29. John M. Keynes, *Essays in Biography*, p. 131.
30. Thomas R. Malthus, *Principles of Political Economy* (1820 ed.), p. 11.
31. Thorstein Veblen, *op. cit.*, p. 130. Cf. Also, James Bonar, *Malthus and His Work*, p. 323.
32. Thomas R. Malthus, *An Essay, etc.*, Vol. II, p. 299.
33. *Ibid.*, p. 315.
34. Thomas R. Malthus, *An Essay, etc.* (1st. ed., 1789), p. 387. Reprinted for the Royal Economic Society. London: Macmillan and Co., 1926.
35. ———, *An Essay, etc.*, Vol. I, fn., pp. 18-19.
36. Cited by Charles Gide and Charles Rist, *A History of Economic Doctrine*, p. 128.
37. *Loc. cit.*
38. Thomas R. Malthus, *An Essay, etc.*, Vol. II, pp. 323-324.
39. ———, *Principles of Political Economy* (1820 ed.), pp. 438-439.
40. *Ibid.*, p. 236.
41. *Ibid.*, p. 472.
42. *Ibid.*, p. 473. Malthus' *Principles* was, of course, in no strict sense a

systematic treatise, but really a collection of papers on economic topics. The topics treated, however, were consciously economic. Cf. *Notes on Malthus' "Principles of Political Economy,"* by David Ricardo, Introduction and Notes by Jacob Hollander and T. E. Gregory, p. xxi.

43. *Ibid.*, p. 439.
44. Thomas R. Malthus, *An Essay, etc.*, Vol. II, pp. 480-481.
45. *Ibid.*, p. 481.
46. *Ibid.*, p. 337.
47. *Ibid.*, p. 391.
48. *Ibid.*, pp. 393-394.
49. Cited by Jerome A. Blanqui, *History of Political Economy*, p. 394.
50. *Ibid.*, cf. fn.
51. Thomas R. Malthus, *An Essay, etc.*, Vol. II, p. 117.
52. Blanqui, *op. cit.*, p. 395.
53. Thomas R. Malthus, *An Essay, etc.*, Vol. II, p. 389.
54. John K. Ingram, *A History of Political Economy*, p. 118.
55. James Bonar, *Malthus and His Work*, p. 301.
56. *Ibid.*, p. 57.
57. Thomas R. Malthus, "An Essay, etc.," Appendix to Fifth Edition. Cf. *Parallel Chapters from the First and Second Editions of An Essay on the Principles of Population*, 1798: 1803, p. 134. New York: The Macmillan Co., 1926.
58. Frank A. Fetter, "Price versus Welfare Economics," *The American Economic Review*, X (Sept., 1920), p. 470.
59. Cf. James Bonar, *Philosophy and Political Economy*, p. 212, p. 207; D. O. Wagner, *Social Reformers, Adam Smith to John Dewey*, p. 60; T. Veblen, *The Place of Science in Modern Civilization*, p. 131.
60. Cited by Bonar, *Malthus and His Work*, p. 319. Cf. also, T. R. Malthus, *An Essay, etc.*, Vol. II, pp. 331-332; pp. 423-424. Especially the latter, e.g., "Though utility therefore can never be the immediate excitement to the gratification of any passion, it is the test by which alone we can know, whether it ought or ought not to be indulged; and is therefore the surest foundation of all morality which can be collected from the light of nature."
61. Thomas R. Malthus, *An Essay, etc.*, Vol. II, p. 421.
62. Bonar, *op. cit.*, p. 323.
63. Haney, *op. cit.*, p. 274.
64. Bonar, *op. cit.*, p. 346.
65. Walter Bagehot, *Economic Studies*, p. 151.
66. Eli Ginzberg, *The House of Adam Smith*, p. 160.
67. Arnold Toynbee, *Lectures on the Industrial Revolution in England*, p. 1.
68. *Ibid.*, p. 2.
69. Adolph A. Berle, "The Lost Art of Economics," *The Virginia Quarterly Review*, XIV (Summer, 1938), p. 323.
70. David Ricardo, *Principles of Political Economy and Taxation*, p. 6.
71. ———, *Notes on Malthus' "Principles of Political Economy,"* p. 108. First two parentheses deleted, third inserted, fourth deleted.
72. *Letters of David Ricardo to Thomas Robert Malthus*, 1810-1823. Edited by James Bonar. Oxford: Clarendon Press, 1887.
73. David Ricardo, *Principles of Political Economy and Taxation*, 3rd ed., 1821, p. 5.
74. Alexander Gray, *The Development of Economic Doctrine*, p. 173.
75. Alfred Marshall, *Principles of Economics*, pp. 762-763.
76. *Ibid.*, p. 762.
77. Harold J. Laski, *The Rise of European Liberalism*, p. 255.
78. David Ricardo, *Principles, etc.*, pp. 57-58.

79. *Ibid.*, p. 54.
80. *Ibid.*, p. 57.
81. *Ibid.*, p. 58.
82. *Ibid.*, p. 59.
83. *Ibid.*, p. 58.
84. *Ibid.*, p. 167.
85. Thomas E. Cliffe-Leslie, *Essays in Political and Moral Philosophy*, 1st ed. 1879, p. 233.
86. Haney, *op. cit.*, p. 307.
87. James Bonar, *Letters of David Ricardo to Thomas Robert Malthus*, pref. p. xi. Cf. also, p. 55, fn. to Letter XXI.
88. O. Fred Boucke, *The Development of Economics, 1750-1900*, p. 120.
89. John A. Hobson, *John Ruskin, Social Reformer*, p. 93.
90. Gustave Peck, "John Ramsay McCulloch," *Encyclopedia of the Social Sciences*, Vol. IX, p. 649.
91. John A. Hobson, *Free Thought in the Social Sciences*, p. 85.
92. Albion W. Small, *Adam Smith and Modern Sociology*, p. 197.
93. John R. McCulloch, *Principles of Political Economy* (Ed., 1843), preface, p. vii.
94. *Ibid.*, p. viii.
95. *Ibid.*, pp. ix-x.
96. *Loc. cit.*
97. *Ibid.*, p. 275.
98. *Ibid.*, p. 515.
99. *Ibid.*, p. 261.
100. *Ibid.*, p. 39.
101. *Ibid.*, p. 294.
102. *Ibid.*, p. 85.
103. *Ibid.*, p. 241.
104. *Ibid.*, p. 264; cf. pp. 264-265 passim.
105. *Ibid.*, p. 184.
106. *Ibid.*, p. 534.
107. *Ibid.*, p. 535.
108. Charles Gide and Charles Rist, *A History of Economic Doctrine*, p. 350.
109. Marian Bowley, *Nassau Senior and Classical Economics*, p. 238.
110. Nassau W. Senior, *An Introductory Lecture on Political Economy*, Delivered before the University of Oxford, Dec. 6, 1826. London: Printed for J. Mawman, 1827, p. 12.
111. John Henry Cardinal Newman, *The Idea of a University*, p. 92.
112. Bowley, *op. cit.*, p. 254.
113. *Loc. cit.*
114. Nassau W. Senior, *Political Economy*, p. 2. (1872 ed.).
115. *Loc. cit.*
116. *Ibid.*, p. 3.
117. *Loc. cit.*
118. *Ibid.*, p. 4.
119. *Ibid.*, p. 159.
120. Haney, *op. cit.*, p. 349.
121. John S. Mill, *Essays on Some Unsettled Questions of Political Economy*, p. 124.
122. *Ibid.*, p. 134.
123. *Ibid.*, p. 140.
124. *Loc. cit.*
125. John S. Mill, *Principles of Political Economy*, pp. xxvii-xxviii.

126. *Ibid.*, p. xxviii.
 127. James Bonar, *Philosophy and Political Economy*, p. 241, fn. 1.
 128. John S. Mill, *op. cit.*, p. xxvii.
 129. Simon N. Patten, *Essays in Economic Theory*, p. 181.
 130. John N. Keynes, "Abstract Political Economy," *Palgrave's Dictionary of Political Economy*, Vol I, p. 5.
 131. Cited by O. Fred Boucke, *The Development of Economics*, p. 102.
 132. Cited by Wm. J. Ashley in his "Introduction" to Mill's *Principles of Political Economy*, p. xxiii.
 133. Jacob Viner, "Marshall's Economics, the Man and his Times," *The American Economic Review*, Vol. XXXI, No. 2 (June, 1941), p. 229.
 134. John N. Keynes, *The Scope and Method of Political Economy*, p. 13.
 135. John S. Mill, *Autobiography*, p. 175.
 136. *Ibid.*, p. 117.
 137. *Ibid.*, pp. 165-166.
 138. John S. Mill, *Principles, etc.*, pp. 199-200.
 139. ———, *Autobiography*, p. 175.
 140. ———, *Principles, etc.*, p. 208.
 141. *Ibid.*, p. 209.
 142. *Ibid.*, p. 217.
 143. John S. Mill, *Autobiography*, p. 162.
 144. John N. Keynes, *op. cit.*, p. 20.
 145. John S. Mill, *Principles, etc.*, pp. 752-753.
 146. *Ibid.*, p. 761.
 147. *Ibid.*, p. 225.
 148. *Ibid.*, p. 375. See fn. also.
 149. *Ibid.*, p. 437.
 150. *Ibid.*, p. 793.
 151. *Ibid.*, p. 208.
 152. Cf. *The Fortnightly Review*, Vol. XXV, New Series (1879), p. 526.
- There are published here some chapters of a rough draft of a proposed work on Socialism which Mill began in 1869 but did not live to complete.
153. John A. Hobson, *Free-Thought in the Social Sciences*, p. 89.
 154. Charles Gide and Charles Rist, *op. cit.*, p. 372.
 155. *Ibid.*, p. 355.
 156. John S. Mill, *Utilitarianism*, p. 35.
 157. *Ibid.*, p. 66.
 158. Alec L. Macfie, *Economic Efficiency and Social Welfare*, p. 9.
 159. John S. Mill, *Principles, etc.*, p. 950.
 160. *Ibid.*, pp. 963-965.
 161. *Ibid.*, pp. 964-965.
 162. John A. Hobson, *Work and Wealth*, p. 326, fn. 1; Alec L. Macfie, *An Essay on Economy and Value*, p. 82; Haney, *op. cit.*, p. 471; Bonar, *op. cit.*, p. 386.
 163. Alec Macfie, *op. cit.*, p. 82.
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CHAPTER VI

REACTIONS AND DISSENTS FROM CLASSICISM

THE EARLY NON-SOCIALIST dissent from Classical economics divides itself into two categories. First, there are those individual writers who, because of their importance as economists, or because of the highly ethical nature of their dissent, must be treated here. Among such scholars are Jean-Charles-Leonard Simonde de Sismondi, Adam Müller, and Friedrich List. The second major dissent from Classical economics comes from the Social Christians who divide themselves into the movements known as Social Protestantism and Social Catholicism. Many, but not all of the latter two groups, were not professional economists, but since the nature of their criticism was so largely ethical, and since it was directed at that phase of social life known as "economy," something more than passing reference must be made to the thought of these quasi-economists. And in the case of some who were both scientific economists and true Christians a really fruitful synthesis is made; to omit them would be serious in a monograph bearing the title of the present one.

Jean-Charles-Leonard Simonde de Sismondi
(1773-1842)

The literature of the history of economics is replete with attestations to the fact that one of Sismondi's major stresses was his accentuation of the ethical aspect of economics. Gide and Rist say that he "... treated political economy as a branch of moral science, whose separation from the main trunk is only partial, and insisted upon studying economic phenomena in connection with their proper environment."¹

Their compatriot, Gonnard, observes of Sismondi:

Il réintroduit dans l'économie politique la point de vue éthique. C'est sans doute le moraliste qui était en Sismondi, qui lui inspire sa préférence pour l'économie agricole, ses attaques contre la suractivité industrielle et contre l'élargissement indéfini des besoins, sa répugnance de la spéculation et de la mobilité des fortunes, son amour de l'organisation patriarcale. A tous ces points de vue, il y a du physiocrate chez lui.²

A third compatriot is almost lyrical in noting this same point:

A ce caractère d'unilatéralité, suivant une belle expression de Kautz, Sismondi oppose le point de vue éthique, moral, en économie politique: c'est un gloire impérissable pour sa mémoire. Il restitue à la richesse sa fonction sociale et morale, il met en lumière l'importance de sa juste distribution, pour permettre à tous de participer aux progrès de la civilisation.³

According to this same author, Sismondi's conception of economics was that of a study of what has been, what is, and should be; "... elle se propose non seulement de mettre en lumière les lois de ce qui a été et de ce qui est, mais de ce qui doit être."⁴ Boucke says that for Sismondi "Economics ... had to be re-stated in conformity with historical and moral data. . . ."⁵ Haney, too, finds Sismondi's economics "based upon an ethical ideal";⁶ while Gray sees him "perhaps a moralist rather than

an economist." ⁷

Sismondi's first economic work, *De La Richesse commerciale ou principes de l'économie politique appliqués à la législation du commerce* (1803), published when he was only thirty years old, stated that it was his avowed intention to make available in French ideas similar to those which Adam Smith had set forth in English,⁸ and that one who had studied Smith would find very little new in his work. In a sentence which is so Smithian it might have been written by the Scottish economist himself, Sismondi foreshadows to a high degree his own later, and more ethically slanted work, when he says: ". . . un homme sensible ne peut voir sans douleur la classe la plus intéressante de la nation, celle qui la nourrit toute entière du fruit de ses sueurs, privée de toutes ses jouissances, pour en faire le partage de gens oisifs, ou qui lui sont à charge." ⁹ Both men were not lacking in warm human sympathies but, in his earlier work, Sismondi, as Smith, holds that "Le capitaliste qui ne consulte que son propre intérêt, travaille donc toujours pour celui de la nation. . . ." ¹⁰

In 1819 Sismondi's major economic work was published—*Nouveaux principes d'économie politique, ou de la richesse dans ses rapports avec la population*. The ethical implications of the sub-title are at once apparent. Sismondi was by this time a considerably older man; in the sixteen years intervening between the two works he had an opportunity to observe some of the effects of the Industrial Revolution and the Napoleonic Wars. In the second work he may still be within the tradition of the Classical School, but now he places an emphasis of his own—an ethical emphasis—which radically alters the Classical doctrine.¹¹

So changed is the character of this second work that Sismondi may be called the first real critic of the Classical School.¹² As Cohn comments, ". . . from being a Saul of the old faith, he became a Paul of the new." ¹³

Sismondi reproached the economics of his day as a science

of chrematistics. He felt that economists, and the public in general, had been too much concerned with wealth and too little concerned with welfare. For him

La richesse peut donc être considérée comme représentant tout ce que les hommes peuvent faire pour le bien-être physique les uns des autres; et la science qui enseigne au gouvernement le vrai système d'administration de la richesse nationale est par là même une branche importante de la science du bonheur national.¹⁴

Wealth alone did not interest him, but man's relation to it; the state through economics should seek for

... l'ordre qui ne laissera dans la nation personne en souffrance, personne dans l'inquiétude sur son lendemain, personne dans l'impossibilité de se procurer par son travail la nourriture, le vêtement, le logement, qui sont nécessaires à lui et à sa famille, pour que la vie soit une jouissance et non un fardeau. L'accumulation des richesses dans l'état n'est point, d'une manière abstraite, le but du gouvernement, mais bien la participation de tous les citoyens aux jouissances de la vie physique, que la représente.¹⁵

Economics for him had to take moral elements into consideration:

Aussi l'économie politique n'est-elle pas une science de calcul, mais une science morale. Elle égare quand on croit se guider par des nombres; elle ne mène au but que quand on apprécie les sentiments, les besoins et les passions des hommes.¹⁶

In Sismondi's sub-title, "de la richesse dans ses rapports avec la population," may be found the key to his whole approach. It may be contrasted with Adam Smith's "Nature and Causes of the Wealth of Nations." Sismondi went so far as to consider political economy in its broadest sense a theory of charity; and it must always work towards the happiness of mankind: "C'est ainsi que l'économie politique devient en grand la théorie de la

bienfaisance, et que tout ce qui ne se rapporte pas en dernier résultat au bonheur des hommes, n'appartient point à cette science." ¹⁷

Contrasting their outlook with that of nineteenth century economic thought, he pointed out that the Greeks, though lacking in the advantages of later scientific development, did not overlook the fact that economics is a science of welfare:

Les anciens se laissaient quelquefois égarer par la vivacité de leur imagination, et ils étaient trop enclins à substituer l'essai de théories toutes spéculatives, aux leçons d'une expérience qui leur manquait. Mais du moins ils ne perdaient jamais de vue que la richesse n'avait de prix qu'autant qu'elle contribuait au bonheur national; et justement parce qu'ils ne la considéraient jamais abstraitement, leur point de vue était quelquefois plus juste que le nôtre.¹⁸

Thus, on ethical grounds Sismondi questions the whole philosophic basis of the budding nineteenth century economic liberalism, observing that the free play of self-interest does not necessarily make for the best general interest; in fact, left to itself it may lead to the triumph of injustice. "L'injustice peut souvent triompher, dans cette lutte de tous les intérêts les uns contre les autres. . . ." ¹⁹ Therefore, he wrote: "Nous invoquons presque constamment, pour surveiller le progrès de la richesse, cette intervention du gouvernement qu'Adam Smith repoussait. Nous regardons le gouvernement comme devant être le protecteur du faible contre le fort. . . ." ²⁰ To exhaust all the instances calling for the protection of the weaker classes would be to turn this phase of the present study into a catalogue of the evils which have prevailed at one time or another in that area of life which is called economic. Sismondi leaves us in no doubt of his disapprobation on a moral basis in all these instances. Some more pointed examples are:

In one section he discusses "Influence morale de la concurrence universelle, amour désordonné du gain." ²¹ Sismondi cited

Ricardo's observation that it makes no difference to a man whether his capital employs 100 or 1000 men so long as profits are the same in both cases and exclaimed: "Are riches, then, everything and men absolutely nothing!"²² Sismondi comments strongly on the degradation of man in much of the industrial life of his day, noting that hunger and suffering deaden all moral affections, that all passions become concentrated in selfishness when one must fight every hour to live, and that constant, long, and monotonous work stupefies all faculties:

... on a honte pour l'espèce humaine de voir à quel point de dégradation elle peut descendre, à quelle vie inférieure à celle des animaux elle peut se soumettre volontairement; et, malgré tous les bienfaits de l'ordre social, malgré les avantages que l'homme a retirés des arts, on est quelquefois tenté de maudire la division du travail et l'invention des manufactures, quand on voit à quoi elles ont réduit des êtres qui furent créés nos semblables.²³

Sismondi is almost profound in outlining a just wage:

Le salaire n'est pas seulement une compensation du travail, calculée à tant par heure d'après sa durée; c'est le revenu du pauvre; et en conséquence il doit suffire non seulement à son entretien pendant l'activité mais aussi pendant la remise du travail: il doit pourvoir à l'enfance et à l'âge viril, à la maladie comme à la santé, et aux jours de repos nécessaires au maintien des forces, ou ordonnés par la loi ou le culte public, comme aux jours de travail.²⁴

At another point he declared that: "'More lace, more pins, more thread, more silk and cotton fabrics are the fruit of this great division of labor, but at what a hateful price are they purchased if it is by the moral sacrifice of so many thousands of persons!'"²⁵ With that thought in mind a section of Vol. I, Book IV, Ch. 5 treats of "Injustice de réduire les salaires à un bas prix réel."

Nor on another occasion does he refrain from passing the moral judgment that men

... lorsqu'ils ont obtenu le bonheur d'être pères, lorsqu'ils ont renouvelé leur famille et donne cet appui et cette espérance au déclin de leurs ans, si leur fortune n'est point susceptible de s'accroître, ils ne sont guère moins obligés de vivre chastement avec leurs femmes, que les célibataires avec celles qui ne sont point à eux.²⁶

He conceived of economics as an art as well as a science and was among the first to advocate the right of workmen to organize, limitation of hours, abolition of Sunday work, restrictions on child labor, etc.

In his last economic work, *Etudes sur l'économie politique* (1837-1838), Sismondi both reiterates and reinforces his ideas offered in *Nouveaux principes*. He continually ranges political economy against chrematistics, indicts many of the contemporary economists as students of the latter, and urges his own broad view of economics. His approach is quite historical, and his studies in this field have been a major force in leading him to reject the narrow idea of the accumulation of wealth in favor of a broader conception of political economy. For example, he warns:

Chacun des symptômes isolés de prospérité peut être trompeur; un accroissement ou de population, ou de production, ou d'exportation, ou de numéraire, ne prouve point que la nation soit heureuse, pas même qu'elle enrichisse; c'est la proportion, c'est le juste rapport entre ces progrès qui conservent à tous le bien-être; tout comme c'est la proportion entre les professions diverses qui donne à la société la vigueur, la santé d'un corps bien constitué.²⁷

Or again, in the preface to volume two of his *Etudes*, is found an equally broad and highly ethical conception of economics:

Il y a, entre les études constitutionnelles et les études économiques, telles du moins que je les conçois, plus d'analogie qu'on n'a coutume d'en reconnaître. Les unes comme les autres ont pour but le plus grand bien de la société, son bonheur et son progrès; les unes et les autres s'écartent de leur

objet si, considérant la société abstraitement, elles perdent de vue les membres dont cette société se compose; si elles oublient les hommes, pour les institutions ou pour les choses.²⁸

In political economy, according to Sismondi, man is the beginning, end, and continual point of reference; "... tout y procède de l'homme, tout doit s'y rapporter à l'homme, et aux hommes réunis par un lien commun."²⁹ Sismondi again reminds his readers in the opening section of this final work of his insistence on the importance of the ethical approach:

Nous persistons donc à regarder la chrématistique ou l'étude des moyens d'augmenter la richesse, en faisant abstraction du but de cette richesse, comme une science décevante: nous persistons à regarder l'économie politique comme devant être la recherche et l'application de la grand loi de bienveillance et de charité que la Divinité a donnée aux sociétés humaines; nous persistons à proposer à nos efforts non pas les progrès des choses, mais ceux des hommes, non pas l'acquisition de la richesse, mais celle du bonheur de tous. . . .³⁰

And, of course, in line with this conception of political economy, it is no wonder that Sismondi was not himself hesitant about giving advice based on moral or ethical premises. In another striking passage he says:

... nous croyons devoir élever encore notre vieille voix pour répéter aux nations: Songez à vos paysans. Car ils sont en même temps la classe la plus nombreuse et la plus importante de l'état; ils sont la classe sur laquelle une sage économie politique peut répandre le plus de bonheur; ils sont aussi celle à laquelle la cupidité, quelquefois secondée par une dangereuse chrématistique, a infligé le plus de souffrances.³¹

On still another occasion he passes the judgment that: "le riche, trompé par son avidité, a créé les prolétaires et le paupérisme qui le menacent."³² For his third essay of this same series he proposes the question: "Quelle est la distribution de la richesse territoriale qui procure le plus de bonheur à une société?"³³ At

still another point the reader is informed of the ethical import of the economic question under discussion: "La chrématistique sacrifie au profit des fermiers le bonheur, même la vie du pauvre."³⁴

Sismondi persisted in this ethical attitude till the end of his life, writing as the conclusion of his *History of the French*, five weeks before his death:

... I have always considered wealth as a means, not as an end. I hope it will be acknowledged by my constant solicitude for the cultivator, the artisan, for the poor who gain their bread by the sweat of their brow, that all my sympathies are with the labouring and suffering classes.³⁵

While it may be wished (by some)³⁶ that Sismondi had been more scientific without, perhaps, being less ethical, nevertheless he was the first to raise a protest against the unfolding nineteenth century Liberalism in an age when protest was necessary, and, in fact, he would have insisted that it was unscientific to overlook the moral implications of these observed facts of economic life.

So much was this the case that Villeneuve-Bargemont, the Social Catholic economist, wanted to include Sismondi in a new group or school of "Christian political economy" as opposed to the orthodox or liberal school.

Adam Heinrich Müller (1779-1829)

While Adam Müller, and Friedrich List, next to be treated, have not too much of a theoretical economic nature in common with the other men discussed in this section, these Nationalist economists were among those who set themselves utterly in opposition to the individualistic, and what they considered to be materialistic, aspects of Smith and the later Classical School. The history of economic thought has not treated Müller too well precisely because he was a Nationalist, even a Romanticist.

But he must be heard here, briefly at least, because his protest was writ large in terms of the ethical bases of economics. Judging from the titles of his works, Müller was more a student of political science and public finance than economics: *Von der Idee des Staats* (1809); *Die Elemente der Staatskunst* (1809); *Die Theorie der Staatshaushaltung* (1812); *Versuch einer neuen Theorie des Geldes* (1816). Illustrative of his wholly moral, even theological approach, is the title of a work appearing in 1819: *Von der Notwendigkeit einer theologischen Grundlage der gesamte Staatswissenschaften und der Staatswirtschaft insbesondere*.

He opposed an organic, highly ethical conception of economic life to that of the individualistic, materialistic elements found in Smith, stressing "altruism and religion in opposition to what he regarded as Smith's egoism and materialism."³⁷ He castigated the doctrine of Smith and later political economists for what he considered to be its failure to provide anything but a theory of individual economy, for its neglect of spiritual forces,³⁸ for its glorification of competition, instead of solidarity and the personal interdependence of all the members of the community as in the medieval guild.³⁹ As can be seen from the title of Müller's work published in 1819, economics for him encompassed social life as a whole, as distinguished from the concept of those economists who contemplated it in isolation.

His *Elemente*, published in 1809, four years after his conversion to Catholicism, stresses not only the relationship of ethics, but also of religion to economics. Economic activity has no ultimate purpose without religion. Production is for God's sake ultimately, not merely for self-interest, and the difficulties in economic life arise chiefly because men forget supernatural power.⁴⁰ His chief criticism, like that of Sismondi, of the so-called orthodox theory of political economy, was that it emphasized things too much, and the relationship of economic goods to persons too little.⁴¹

Müller was an admirer of the Middle Ages and stressed their organic and solidarist conceptions, emphasized property as a "stewardship," but seems to have allowed a scope and sphere to the state inconsistent with the medieval outlook.⁴²

Ingram characterizes Müller as "undoubtedly a man of real genius." "The association of his criticisms with medieval prepossessions ought not to prevent our recognizing the elements of truth which they contain."⁴³ The fact would appear to be, then, that despite the gratuitousness of Ingram's aspersion on the Middle Ages, Müller was not entirely remiss in the validity of his criticisms of the philosophical bases of Classical economy, even though not himself contributing much to pure systematic theory. In fact, Roscher held that "one of Müller's best characteristics was the earnestness with which he fought the tendency of modern political economists to overvalue economic goods and material enjoyment."⁴⁴ Müller, even though differing with Smith, had great respect for him,⁴⁵ and Haney admits that "Müller corrected the one-sidedness of Smith."⁴⁶ It would appear, then, to be the conclusion of the historians of the subject that Müller, even though not producing a complete treatise on the whole of political economy, did make a contribution to some phases of the scope of the science, especially its relationship to ultimate considerations.

Friedrich List (1789-1846)

In substance and in spirit List continues the tradition of Adam Müller, especially the Nationalist and socio-ethical stress. List was not, of course, very abstract; he was a polemicist, a pamphleteer, a man of practical affairs. *The National System of Political Economy* (1841) contains his principal contribution to economic doctrine. Though he is chiefly remembered for his ideas on tariff (and sometimes for what he did not say or contend on this score) List is of interest to this essay because he

challenged the prevailing system of economic thought, partly, at least, on its philosophical and ethical bases. Referring to Adam Smith and Say as the "school," he charged it with a "dead materialism" and "a disorganising particularism and individualism."⁴⁷

He developed what he called the theory of productive forces in contradistinction to the Classical theory of value. According to List "*the power of producing wealth* is therefore infinitely more important than *wealth itself*,"⁴⁸ and Adam Smith is taken to task for supposedly not having recognized this.

If he had followed up the idea of "productive power," without, allowing his mind to be dominated by the idea of "value," "exchangeable value," he would have been led to perceive that an independent theory of the "productive power" must be considered by the side of a "theory of values" in order to explain the economical phenomena. But he thus fell into the mistake of explaining mental forces from material circumstances and conditions. . . .⁴⁹

He further contends that

The Christian religion, monogamy, abolition of slavery and of vassalage, hereditability of the throne, invention of printing, of the press, of the postal system, of money, weights and measures, of the calendar, of watches, of police, the introduction of the principle of freehold property, of means of transport, are rich sources of productive power.⁵⁰

Among these "sources of productive power" will be noted other than purely economic institutions—religious and ethico-political arrangements are well represented. In fact, List goes so far as to say "We can scarcely conceive of any law or any public legal decision which would not exercise a greater or smaller influence on the increase or decrease of the productive power of the nation."⁵¹ In one place, a speaking of the force of morals in economic life, he avers:

Diligence, economy, order, and forethought are at first produced by necessity, afterwards by habit, and by the steady cultivation of those virtues. Morality goes hand in hand with the exertion of one's powers and economy, and immorality with idleness and extravagance: each are reciprocally fertile sources, the one of power, the other of weakness.⁵²

List may have provided, as is often pointed out, the inspiration for the platforms of the Republican party⁵³ in the United States, and has been considered the prophet of an advanced capitalist system,⁵⁴ but he was a bit more consistent than the party and favored government intervention for more than Protection.

Statistics and history, however, teach, on the contrary, that the necessity for the intervention of legislative power and administration is everywhere more apparent, the further the economy of the nation is developed . . . individual liberty is in general a good thing so long only as it does not run counter to the interests of society. . . .⁵⁵

List calls "'Laissez-faire, laissez-passer,' an expression which sounds no less agreeably to robbers, cheats, and thieves than to the merchant, and is on that account rather doubtful as a maxim."⁵⁶

We must say to M. Jean Baptiste Say at the outset that *political economy* is not, in our opinion, that science which teaches only how values in exchange are produced by individuals, distributed among them, and consumed by them; we say to him that a statesman will know and must know, over and above that, how the productive powers of a whole nation can be awakened, increased, and protected. . . .⁵⁷

As Salin writes: ". . . he believed that it was the duty of the state to regulate economic life as well as to curb individualism, and the subsequent overindustrialization would have seemed to him a distorted image of his ideal of a *Normal-nation*."⁵⁸ Incidentally, the concept of *Normalnation*, and regulation to promote it, is highly normative.

Nationalist though he was, List further felt that "In the congresses of the great European powers Europe possesses already the embryo of a future congress of nations."⁵⁹ Such an institution was to rest upon a base of national economic equality and equitability:

... a union of the nations of the earth whereby they recognise the same conditions of right among themselves and renounce self-redress, can only be realised if a large number of nationalities attain to as nearly the same degree as possible of industry and civilisation, political cultivation, and power. Only with the gradual formation of this union can free trade be developed, only as a result of this union can it confer on all nations the same great advantages which are now experienced by those provinces and states which are politically united.⁶⁰

Scott is of the opinion that, despite his defects on the scientific side, of which there were not a few (we must remember, also, that he completed only the first volume of his work), List "emphasized many important truths and has exerted no little influence upon economists as well as upon . . . men of affairs."⁶¹ Gustav Schmoller adds the weight of his testimony to the conclusion that List's work, though concentrated mainly in the sphere of practical affairs, was oriented in a socio-ethico direction.

With the intuitive power of genius List conceived the thought that not individuals but social communities are the powers which act or which work in any active way in the history of economic life. . . . He helped to found the socio-political conception of political economy in contrast to the individualistic conception which neither knows social communities nor understands them.⁶²

Social Christian Thought

This treatise essays only to search out and set forth in all its facets the idea of ethics as it is found in economic thought.

It is, then, not primarily concerned with movements, especially those which were not strictly on the economic plane. And yet movements are inspired by ideas. The ideas inspiring Social Protestantism and Social Catholicism will have to be treated, since these movements contained in them much that was in criticism of Classical economics, especially as it came to be popularly translated into nineteenth century economic policy. Homan observes: "It is perhaps a defensible generalization that what passed as 'orthodox' economic theory during the nineteenth century carried an implicit or explicit defense of the existing economic order."⁶³ It is for that reason that the Social Christians attacked it by a "movement" as well as in their theoretical writing.

The Social Christians reject for the most part any really Socialist solution and are so much more social reformers than Socialists that the term Christian Socialist, although adopted by Kingsley and Maurice, and frequently employed in reference to this school, appears to be both a misnomer and a paradox. However, this is not a point to be labored here.

Both wings of the Social Christian movement had their inception and growth in the latter half of the nineteenth century, although, unlike Social Protestantism, Social Catholicism has persisted to the present day in a more organized and unified form.

Social Protestantism seems to have been primarily of English inspiration, while the Social Catholic movement is vigorous in Germany and France as well.

Social Protestantism

The four men who gave Social Protestantism its greatest impetus (Thomas Carlyle, Charles Kingsley, Frederick Denison Maurice and John Ruskin) were not primarily economists but rather essayists, literary men, and art critics. Theirs was a literary criticism of economic life, particularly industrial life, of which

"the dominant strain for the whole line of thinkers was the ethical, from the militant Puritanism of Carlyle to the political socialism of William Morris."⁶⁴ Each Christian Socialist's approach differed according to his background, interests and temperament, but, as Boucke notes, "It was always a cry against the premises and principles that Ricardo had first codified for the benefit of the hedonists."⁶⁵ They wrote, lectured, assisted in the forming of unions, co-operative organizations, etc. With broad exceptions in the case of Ruskin, there was not a scientific economist among them, but their eminence in the literary field and the moral basis of their criticism of the social economy compel some reference to their thought in a study on the ethical bases of economic thought. Maurice and Kingsley entitled their movement Christian Socialism. Similar organizations were the Guild of Saint Matthew, founded by Stewart Headlam and the Anglo-Catholics in 1877; the Christian Social Union, a group founded in 1889 for the purpose of studying social questions in the light of religious principles; the Christian Labor Union (1872); the Church Association for the Advancement of the Interests of Labor (1887). The significance of the whole question is that philosophers, churchmen and *littérateurs* questioned the autonomy of the economic sphere and raised a protest against the philosophical implications of the economics of the late eighteenth and of the nineteenth century. That protest will now be examined in the work of the four major writers who were its chief fountainhead.

Thomas Carlyle (1785-1881)

Since the group known as Christian Socialists "owed their inspiration to Carlyle,"⁶⁶ it is perhaps best to begin this section with an examination of his work. Carlyle was neither an economist nor a moralist but his criticism of the industrial system was based on moral grounds. He pointed up and condemned

injustice in the economic order. It was really his style as a master of English prose which won him his hearing. Joined with his moral fervor, it gave him great power. Saintsbury speaks of that style as "the most brilliant, the most stimulating, the most varied, the most original in English literature."⁶⁷

According to Frank A. Fetter, "the ethical protest against price economics was led by Thomas Carlyle,"⁶⁸ while it is Bonar's view that Carlyle's conception was "that a true political economy should be a political philosophy."⁶⁹ Because Carlyle aimed shafts which leaped right to the heart of nineteenth century liberalistic economics, he is significant for this survey.

Perhaps his most important work, from the viewpoint of the economist, is *Past and Present* (1843), suggested to him by the twelfth century monastic chronicle of Jocelin of Brakelond. This trenchant indictment of the English industrialism of Carlyle's day was prompted by his observation of vast unemployment and widespread poverty in the midst of plenty.

We have more riches than any Nation ever had before;
we have less good of them than any Nation ever had before.
... In the midst of plethoric plenty, the people perish; with
gold walls, and full barns, no man feels himself safe or satisfied.
Workers, Master Workers, Unworkers, all men, come to
a pause; stand fixed, and cannot farther.⁷⁰

Carlyle's first chapter in the aforementioned work is entitled *Midas* and concludes with the query concerning his era: "Have we actually got enchanted, then; accursed by some God?" The condemnation of what he calls "mammonism" is the theme of the whole work. "Supply and Demand is not the one Law of Nature; Cash-payment is not the sole nexus of man with man,—how far from it! Deep, far deeper than Supply-and-Demand, are Laws, Obligations sacred as Man's Life itself."⁷²

The existence of vast masses of the economically underprivileged is, according to Carlyle, linked to the then prevailing economic philosophy, and he is vigorous in his assault upon that doctrine:

The haggard despair of Cotton-factory, Coal-mine operatives, Chandos Farm-laborers, in these days is painful to behold; but not so painful, hideous to the inner sense, as that brutish God-forgetting Profit-and-Loss Philosophy and Life-theory, which we hear jangled on all hands of us, in senate houses, spouting-clubs, leading-articles, pulpits and platforms, everywhere as the Ultimate Gospel and candid Plain-English of Man's Life, from the throats and pens and thoughts of all—but all men!—⁷³

Another of those passages striking at the whole philosophic substructure of much of nineteenth century economics is:

. . . all this Mammon-Gospel, of Supply-and-demand, Competition, Laissez-faire, and Devil take the hindmost, begins to be one of the shabbiest Gospels ever preached; or altogether the shabbiest. . . At the best, as we say, a somewhat despicable, unvenerable thing, this same "Laissez-faire"; and now, at the worst, fast growing an altogether detestable one! ⁷⁴

Continuing: "Laissez-faire, Supply-and-demand,—one begins to be weary of all that. Leave all to egoism, to ravenous greed of money, of pleasure, of applause:—it is the Gospel of Despair." ⁷⁵

Carlyle's acceptance of the *Führer-Prinzip* and his advocacy of a benevolent despotism have not endeared him to writers of the present age. His identification of democracy with laissez-faire was one of the things which made him eschew it. ⁷⁶ He saw much of the economic disorder of his day as due to the atomism, individualism and discreteness of the economy. And although he may not have been a liberal in any accepted sense of the term, some of his solutions would by their liberality outrage the one camp of liberalism, and supply the other with some of its frontier posts. Among the examples of his advanced social perspective is the point at which he suggests whether at some not far distant stage,

... your Master-Worker may not find it possible, and needful, to grant his Workers permanent interest in his enterprise and theirs? So that it become, in practical result, what in essential fact and justice it ever is, a joint enterprise; all men, from the Chief Master down to the lowest Overseer and Operative, economically as well as loyally concerned for it?—⁷⁷

It was the "injustice" of the economic order which particularly aroused him. In his work entitled *Chartism* he contended that it was not physical suffering and privation which caused men to revolt. Men will suffer a great deal, he thought, if they realize they are being dealt with justly.⁷⁸ Injustice is the *bête-noir* of the social and economic order.

To close, by way of summary, an already overlong treatment, Carlyle's contribution was primarily that of acting as an antidote to the materialism and utilitarianism of his age by emphasizing and underlining the moral values in economic and industrial life. His thoughts would not have been widely known except for his unusually gifted literary style; they represent the early "stirring" against what had come to be "orthodox" economic thought. Later economic thought seems to have embodied some of his spirit, and some of his recommendations have been borne out in subsequent economic policy.

Frederick Denison Maurice (1805-1872)

The two facts about Maurice which bear mentioning here are that, along with Kingsley, he was the founder of the Christian Socialist movement and that his approach to the economic problems of his day was an ethical one. He wanted to socialize Christianity and to permeate Socialism with a Christian spirit.

"We did not adopt the word 'Christian' merely as a qualifying adjective. We believe that Christianity has the power of regenerating whatever it comes in contact with, of making that morally healthy and vigorous which, apart from it must either be mischievous or inefficient."⁷⁹

Thus, his critique of the existing economic order was a moral one. G. D. H. Cole insists that "politically he (Maurice) was never a Socialist in any ordinary sense although he was a radical in opinion."⁸⁰ Fichter remarks that "these broad-church Anglicans were not astute enough to realize that a man cannot be at the same time a true Christian and a true Socialist."⁸¹

Maurice translated his ethical criticism of the economic order into working for movements to found self-governing workshops, Working Men's College (1854), and to secure legal recognition for the co-operative movement.

Charles Kingsley (1819-1875)

This writer, too, was no economist, but an Anglican clergyman, who protested against the seamier side of the gradual unfolding of the Industrial Revolution in nineteenth century England. A pamphlet of slight interest to the student of economic thought is his *Cheap Clothes and Nasty* (1850), the approach of which was ethical. This work exposed the sweating system, while two novels of this same period, *Yeast* (1848) and *Alton Locke* (1850), emphasized the deplorable conditions of life among the working classes. So inclusive was his theologico-ethical approach that he called the Bible ". . . the 'Reformers' Guide,' believing that all the answers to all economic and social problems are contained therein, making the same mistake as the 'complete' moralists of our present day, who insist that problems will vanish if all men are moral."⁸² His criticism of Chartism was that this movement proceeded mainly along political lines and was not based on religion.⁸³ Kingsley's criticism of the *laissez-faire* economics of his day was based on ethical as well as "common sense" premises.

"I expect nothing from the advocates of *laissez-faire*—the pedants whose glory is in the shame of society, who arrogantly talk of economics as a science so completely perfected,

so universal and all important that common humanity and morality, reason and religion must be pooh-poohed down, if they seem to interfere with its infallible conclusions and yet revile, as absurd and utopian, the slightest attempt to apply those conclusions to any practical purpose. The man who tells us that we ought to investigate nature, simply to sit still patiently under her, and let her freeze, and ruin, and starve, and stink us to death is a goose, whether he calls himself a chemist or a political economist." ⁸⁴

Although a co-founder with Maurice of the Christian Socialist movement, Kingsley was, however, no thoroughgoing Socialist, but he did agree with their strictures upon the prevailing economic and social order. To him: ". . . of all narrow, conceited, hypocritical, anarchic, and atheistic schemes of the universe, the Cobden and Bright one was exactly the worst." ⁸⁶

Notwithstanding the fact that he taught modern history at Cambridge, Kingsley's was not a scholarly nature; he was blatant, lacking in balanced judgment, self-assertive, and towards Catholics, bigoted; thus he formed a breastworks obscuring the genuine contributions he made to social betterment. ⁸⁷ In fact, Leslie Stephen finds him "too much tainted by the obvious tendency to see facts by the light of preconceived theories." ⁸⁸ Cole reminds his readers that Kingsley "got much the worst of a tussle with Cardinal Newman." ⁸⁹

Not for his theoretical contributions is Kingsley of import so much as for his success in channelling his moral criticism of the economic order into movements for arousing social interest. As the Jesuit Father Joseph Fichter concludes, rather charitably: "His mistakes were the mistakes of every demagogue to tread the earth, but the hand he had in arousing social interest in English problems more than made up for them." ⁹⁰

John Ruskin (1819-1900)

Even though he was not a formal religionist, Ruskin's voice was that of Protestant Christianity ⁹¹ and he was influenced by

Kingsley and Carlye. He taught at F. D. Maurice's Workingmen's College. He founded and endowed with a tithe of his fortune the Guild of St. George (1871). Among other things, this organization sought to promote model farming, revival of village industries, and reform of the educational system. John Ruskin warrants inclusion here as a Social Protestant, if not as a Christian Socialist.

Ruskin was closer to being an economist in the scientific sense of that term than any of his Social Protestant confreres. This is true notwithstanding the fact that there are many, both among the economists and the public, who have only grudgingly given him such recognition. As Hobson observes:

... the selfish interests and false passion which he so constantly and bitterly assailed have, in part at any rate, succeeded in persuading large sections of the thinking world that, while Mr. Ruskin is a valuable art-critic and a brilliant *littérateur*, he has no claim to serious considerations as an economist. . . . This is the common price paid by literary genius to the dull-witted multitude, who have always been easily persuaded that a man who writes well cannot think clearly or deeply.⁹²

To aid in dispelling this notion, Hobson's work on Ruskin "is devoted to a statement and vindication of Mr. Ruskin's claim to have placed Political Economy upon a sounder scientific and ethical foundation than it had hitherto possessed. . . ." ⁹³ Indeed, Hobson thoroughly disputes the contention that Ruskin was a mere dabbler in economics, or that he lacked the special qualifications necessary to be numbered among the more serious students of economics.

Both from contemporary observation and from study of history, the actual processes by which large classes of goods were produced and consumed were familiar to him. How many of the teachers of Political Economy who have been so scornful of Mr. Ruskin's claims possessed a tithe of this practical knowledge? ⁹⁴

In this same connection Ruskin's biographer speaks of the literary economist's heroic struggle against the open taunts and contempt hurled at him ". . . by arm-chair economists who dogmatised on the principles of political economy without possessing any practical acquaintance with the arts of production and consumption on which they theorised. . . ." ⁹⁵ And Hobson concludes that: "Alike in possession of material facts, in command of language and in trained capacity of argument, he was quite competent to discuss economic problems with Senior, Fawcett, and J. S. Mill." ⁹⁶ Cole agrees that, although Ruskin's economic writings were at first severely challenged, "they have exercised a wide influence on subsequent economic thought." ⁹⁷

For anyone possessing even the slightest knowledge of social and economic thought it seems hardly necessary to indicate that Ruskin's whole conception of economics was ethically oriented. On this point, he is in the tradition of the ancient Greeks and the medieval Scholastics:

The final object of political economy, therefore, is to get a good method of consumption, and a great quantity of consumption: in other words, to use everything, and to use it nobly; whether it be substance, service, or service perfecting substance. ⁹⁸

Or, if this were not sufficient, he concludes at another point:

There is no wealth but life. . . . That country is the richest which nourishes the greatest number of noble and happy human beings; that man is richest who, having perfected the functions of his own life to the utmost, has also the widest helpful influence both personal, and by means of his possessions, over the lives of others. ⁹⁹

As Hobson notes, ". . . Mr. Ruskin deliberately lays down an ethical standard of conduct for the art of Political Economy, the acceptance of which entirely alters the nature of the science." ¹⁰⁰

"Thus he posits as the starting point of Political Economy a

standard of life not based upon present subjective valuations of 'consumers,' but upon eternal and immutable principles of health and disease, justice and injustice."¹⁰¹

Ruskin's social and economic works come primarily in the period of his life after 1859-1860, while his criticism of art was confined to the earlier period. His interest in the direction of the socio-economic was already foreshadowed in *The Political Economy of Art* (1857), but it was in the eighteen-sixties that his three major works of an economic nature were written: *Unto This Last: Four Essays on the First Principles of Political Economy* (1862); *Munera Pulveris: Six Essays on the Elements of Political Economy* (1872); and *Time and Tide*, sub-titled "Twenty-Five Letters to a Working Man of Sunderland on the Laws of Work" (1867). The first work of the series was written and first published in 1860 in the *Cornhill Magazine*, and the second in 1862-1863 in *Fraser's Magazine*. Ruskin really envisioned a comprehensive scheme of economics in these works: *Unto This Last* was to overthrow and clear away the established political economy; the scheme of political economy which should take its place is outlined in *Munera Pulveris*, and the workings of these true principles in laws, customs and institutions is elaborated in *Time and Tide*.¹⁰² Ruskin alludes briefly to such a plan in the last named work.¹⁰³

The chief of the economic works was his *Unto This Last*. Ruskin disclosed that every word of it was written out at least two times, and much of it three times. He expected it to endure the longest of his works written up to that time.¹⁰⁴ It is mainly devoted to launching his criticism of the then current political economy. In the first essay the whole foundation of that science is questioned. Ruskin challenged its validity in postulating an economic man seeking his own self-interest, one from whom all moral affections were erased. Since ignoring these factors made a qualitative, and not only a quantitative difference, such procedure to him was actually unscientific. Perhaps, not unrightly,

he found in this conception a failure to take into consideration the organic unity or structure of that section of social life known as the economic. In his second essay, that view is styled as "mercantile" rather than "political" economy and hence he has already labelled it not true, but "soi-disant," science.¹⁰⁵

Ruskin believed that the greatest mistake of the economists was in assuming the "social affections" to be only accidental and disturbing elements "and avarice and the desire of progress" as constant elements. Applying their reasoning to labor, Ruskin observes:

It would be so if the servant were an engine of which the motive power was steam, magnetism, gravitation, or any other agent of calculable force. But he being, on the contrary an engine whose motive power is a Soul, the force of this very peculiar agent, as an unknown quantity, enters into all the political economist's equations, without his knowledge, and falsifies every one of their results.¹⁰⁶

Continuing the same line of reasoning, he says:

The largest quantity of work will not be done by this curious engine for pay, or under pressure, or by help of any kind of fuel which may be applied by the chaldron. It will be done only when the motive force, that is to say, the will or spirit of the creature, is brought to its greatest strength by its own proper fuel; namely, by the affections.¹⁰⁷

Because of this over-abstraction and false premising, Ruskin contends, the subsequent reasoning of the Classical theorists is impaired, as would be any practice of an entrepreneur based upon it. So that

... the idea that directions can be given for the gaining of wealth, irrespectively of the consideration of its moral sources, or that any general and technical law of purchase and gain can be set down for national practice, is perhaps the most insolently futile of all that ever beguiled men through their vices. So far as I know, there is not in history record of any-

thing so disgraceful to the human intellect as the modern idea that the commercial test, "Buy in the cheapest market and sell in the dearest," represents, or under any circumstances could represent, an available principle of national economy.¹⁰⁸

Ruskin considered it unscientific to ignore the moral element in political economy precisely because such procedure failed to take into consideration the effect of those "inconstants" which can so change the direction of wealth-getting and wealth-using activities. Thus Ruskin reminds the "popular economist" that there are many ways of getting rich: "poisoning people of large estates"; "blackmail"; "pocket-picking." Then he adds, "I hope I do not misrepresent him, by assuming that he means his science to be the science of 'getting rich by legal or just means.' " ¹⁰⁹ And such being the case ". . . it will follow that, in order to grow rich scientifically, we must grow rich justly; and, therefore, know what is just; so that our economy will not longer depend merely on prudence, but on jurisprudence—and that of divine, not human law." ¹¹⁰ In another section this whole distinction is pointed up by his insistence that the economist cannot ignore the ethical nature of exchange. He raises the illustration of exchanging with a savage a needle for a diamond; it is one which may appear far-fetched, but the point of analogy is one which will not be lost upon those conducting some of our so-called free market exchanges. Ruskin avows: ". . . the advantage to me in the entire transaction depends wholly upon the ignorance, powerlessness, or heedlessness of the person dealt with. Do away with these, and catallactic advantage becomes impossible." ¹¹¹ At still another point he affirms that "demand" rests on human disposition and hence on a moral basis. The "disposition to buy is a wholly moral element in demand." ¹¹²

This moralist-economist had discovered the essential paradox of trying to buy cheaply and sell dearly, and he was acutely aware that society only becomes richer as goods become more abundant even though the individual may become so by artificial scarcity.

The force of the guinea you have in your pocket depends wholly on the default of a guinea in your neighbour's pocket. If he did not want it, it would be of no use to you; the degree of power it possesses depends accurately upon the need or desire he has for it,—and the art of making yourself rich, in the ordinary mercantile economist's sense, is therefore equally and necessarily the art of keeping your neighbour poor.¹¹³

There is, of course, nothing original in his discovery of this conflict between the individual and social interest, but his insistence that it is a moral datum of which the economist must take account provides the significant aspect of the distinction.

Other works of Ruskin's having an economic slant were: *Fors Clavigera* (1871-1873), in which he urged a simpler life and a rejection of the confused and false values of an industrial society; *The Crown of Wild Olive* (1866) which attacked the profit motive as an end in economic life because so many people were ridden over roughshod in the pursuit of it; human dignity was surely to be overlooked in the mad race for money. It was his contention that "a system that made profit, not excellence of work, the chief incentive of production must encourage poor workmanship, foster greed, and generally degrade those who took part in the industrial process."¹¹⁴ *The Political Economy of Art* (1857) really belongs to the early epoch of Ruskin's life, although it was published later under the title *A Joy Forever and Its Price in the Market* (1880).

Ruskin's contribution appears to be, then, that he may lay large claim to having helped to humanize political economy. Hobson describes him as "a pioneer in the theory of Social Economics,"¹¹⁵ and asserts that his "first claim as a social reformer is that he reformed political economy."¹¹⁶ Fairness and honesty in production, justice in distribution, and wisdom in consumption were the frontiers to which he extended the usual limits of the science. Political economy had to take account of the whole man, not just the "self-interested" side.

It is true that Ruskin's works resembled only to a small degree the usual treatises on political economy and that his theoretical structure was cushioned over with appeals, tirades, rhetorical flights, to say nothing of extremely startling statements. But, in the beginning, Ruskin had no academic audience, and, also, he was trying to reach a larger group than such would have been; he had to make unusual efforts to achieve a hearing. But his attack on the then current political economy was in essentials scientific, especially his perseverance in asserting that the organic unity of man imposes a corresponding unity on social science. It was for the very reason that he strove to be scientific himself that he thought nineteenth century utilitarian economics pseudo-scientific and said of it: "... I neither impugn nor doubt the conclusions of the science, if its terms are accepted. I am simply uninterested in them, as I should be in those of a science of gymnastics which assumed that men had no skeletons."¹¹⁷ Indeed, in 1885, after his recovery from a serious illness, a group of the more prominent economists of his day presented him with a signed address attesting their appreciation of his scientific contribution and especially his influence in bringing moral forces to bear upon economics. In part, they said: "Those of us who have made a special study of economic and social questions desire to convey to you their deep sense of the value of your work in these subjects, preëminently in its enforcement of the doctrines:

"That Political Economy can furnish sound laws of national life and work only when it respects the dignity and moral destiny of man.

"That the wise use of wealth, in developing a complete human life, is of incomparably greater moment both to men and nations than its production or accumulation, and can alone give these any vital significance.

"That honourable performance of duty is more truly just than rigid enforcement of right; and that not in competition

but in helpfulness, not in self-assertion but in reverence, is to be found the power of life.' " ¹¹⁸ Among the signers of the above tribute to the significance of Ruskin's economic-ethics for the science itself were: W. J. Ashley, C. H. Barstable, H. S. Foxwell, Emile de Laveleye, J. MacCunn, A. L. Perry, J. E. Symes, and F. A. Walker.

Social Catholicism

"The term Catholic Social movement stands for the continuous action of Catholics, in union with the Church, directed towards the establishment of social relationships on a basis corresponding to the Catholic conceptions of well-being." ¹¹⁹ Without attempting to institute any invidious comparisons, it may with justice and accuracy be said that the Social Catholic movement is both more widespread and well-organized than that of Social Protestantism. Thus, Rae writes:

Indeed, among Protestants, what is called Christian Socialism is little more than a vagrant opinion in any country, but among Catholics it has grown into a considerable international movement, and has in several states—especially in Austria—left its mark on legislation. ¹²⁰

As a matter of fact, it eventually manifested itself in France, Spain, Italy, Belgium, Holland, Poland, Germany, Lithuania, Luxembourg, Switzerland, Austria, Canada, England and even Uruguay. And Moon writes that the movement ". . . has expanded so rapidly in the last few decades that it may now be regarded as a force comparable in magnitude and in power to international Socialism or to Syndicalism, or to the cooperative movement." ¹²¹ Gide speaks of the "Catholic School" and says that although "the date of its birth cannot be fixed with exactness, it certainly goes as far back as September, 1869, when a conference of bishops giving special attention to social questions met at Fulda in Germany," ¹²² historic resting place of

Saint Boniface. Through the decades from that time on it has acquired adherents by the hundreds of thousands, published scores of journals, reviews, year-books, economic treatises, manuals, tracts, and has sponsored congresses, study clubs, and similar activities.

Veritable mines of data concerning this movement in the various countries are to be found in the almost definitive works of: Parker T. Moon, *The Labor Problem and the Social Catholic Movement in France* (1921); Georgiana P. McEntee, *The Social Catholic Movement in Great Britain* (1927); Charles D. Plater, S.J., *Catholic Social Work in Germany* (1909); Henry Somerville, *The Catholic Social Movement* (1933). But just as in the case of the Social Protestant Movement, it is not primarily with movements that this study concerns itself, but the concepts given form in those movements. There are five basic ideals underlying the Catholic Social Movement:

1. Complete dissent from the teaching of Liberal economics. They have no faith in the *laissez-faire* policy, and, in truth, regard it as the real cause of much social disorganization.
2. Insistence upon the necessity of Christian charity and Christian morals as a philosophical substructure for social economics.
3. Strong belief in the right, necessity and efficacy of labor organisation, and the desire to adapt the medieval guild to meet modern needs.
4. The idea of a minimum family decency wage.
5. Advocacy of social legislation, especially that for the protection of women and children.¹²³

Gonnard sums up the economic thought of the Social Catholic school when he says:

Dans son ensemble, la doctrine catholique sociale représente un vigoureux et généreux effort pour reprendre la tradition de l'économie médiévale, c'est-à-dire d'une économie politique subordonnée à l'éthique religieuse, et se préoccupant avant tout d'établir un système de règles destinées à orienter

vers des fins morales l'activité productrice de l'homme. Elle figure au premier rang des écoles qui se refusent à mettre une cloison étanche entre l'économique et la morale.¹²⁴

It should not be necessary to urge that Social Catholicism has nothing in sympathy with true Socialism, except perhaps dissatisfaction with the existing economic order, and some similar criticisms of it. Social Catholicism always refused to accept the title, "Catholic Socialism."¹²⁵ Indeed, its exponents

... understand their Christianity and their socialism better than to make any such identifications, and regard the doctrines and organizations of revolutionary socialism in the spirit of the firm judgment expressed in the Pope's encyclical of the 28th December, 1878, which said that "so great is the difference between their (the socialists') wicked dogmas and the pure doctrine of Christ that there can be no greater..."¹²⁶

The Social Catholics reject the extreme libertarianism of the Classical School and the statism and egalitarianism of much of the Socialist thought, and urge the fraternal charity of historic Christianity. They eschew the Socialist denial of the right of ownership, as well as the Liberal refusal to restrict that right in the social interest. All this should not be interpreted as meaning in the strictest sense that there can be any such thing as Catholic political economy, any more than a Catholic school of chemistry. Yet, on the other hand, economics is a social science—one dealing with man in relationship to his fellow-man. What a man will do in this area will depend on his concept of the ultimate nature of all reality, and of the purpose and destiny of man. Now, in all social data, and hence with economic data, there must be interpretation from some philosophic point of view extrinsic to the data themselves. It is as legitimate a thing to interpret these data from a theistic, even Catholic point of view, as from an anti-theistic *Weltanschauung*.¹²⁷ This is the viewpoint of the Social Catholics; man is the one who does the producing, consuming, exchanging and distributing of economic

goods, and it is affirmed that in so doing he must act ethically. As with the other Christians, the absolute autonomy of the economic order is challenged.

It should be understood that there is in this movement no hazy desire to undo the Industrial Revolution, or to return to feudalism. Social Christian thought is progressive in the truest sense of the word. Gide and Rist attest to this when they write:

What the Social Catholics wished to do was to build up the new social structure upon the basis of the modern trade union, or upon syndicalism; and the proof that the foundation is not at any rate too narrow lies in the fact that the new schools of the socialists can conceive of none better. With this as the foundation they looked forward not merely to the development of a new society, but also to the rise of a new ethic. The fact that they forestalled the socialists in this respect show that the Social Catholics were at least not hopelessly antiquated.¹²⁸

Lagardelle, writing in *Le Mouvement Socialiste* for September-October, 1912, evinces his awareness of the scope and vitality of Social Catholicism:

"The Semaine Sociale of Limoges has affirmed the vitality of Social Catholicism. There is in this movement an intellectual fermentation which Socialism no longer possesses. It is its strength. Let us recognize it because it is our adversary."¹²⁹

What the Socialist leader recognizes here is the refusal of the Social Catholics to believe that the good society is created merely by changing material, economic or environmental conditions. Theirs is an integralist approach; the individual must be changed as well as the institutions. To the true Christian the Kingdom of God must first come within himself.¹³⁰ This was the dynamic to which Lagardelle was referring.

Those men who were the major members of the movement will now be examined with the view to discovering and setting forth their conception of economics and the relation of ethics to

that branch of learning, for there were some in the Social Catholic Movement who were economists, and many who wrote on the ethics of economic activities. There are, of course, not a few men quite prominent and important in the movement, who will not be dealt with here, either for the reasons that they published little, wrote only in a popular as distinguished from a scholarly sense, or that they wrote nothing which might even remotely be construed as having a bearing on economics.

Jean-Paul-Alban de Villeneuve-Bargemont (1784-1850)

The Viscount Villeneuve-Bargemont was really a precursor of the Social Catholic Movement; it is as such that his biographers present him.¹³¹ Moreover, he was an economist in the exact sense of the term, so recognized by later economic historians, if not by some of his contemporaries because he dissented so vigorously from the amoral position of J. B. Say. Moon describes him thus:

His were not occasional, ill-considered, incidental remarks on the social question; they were erudite volumes, carefully composed by an economist of recognized standing, and supported by the authority of long practical experience in administrative affairs, . . . and wide acquaintance with the standard writers on economic science. His was a serious and heavily documented contribution.¹³²

M. Henry Michel substantiates this judgment:

"The socialists cite this writer and use him as an authority. The economists make an honorable place for him. For the rest, his polemic against industrial competition is distinguished by the vivacity with which it is imbued and the Christian socialism which there makes its first appearance."¹³³

In addition to the knowledge of economic theory in which he had steeped himself, Villeneuve-Bargemont had a varied administrative career, having held several minor offices and even-

tually was elected to the legislature before becoming prefect of the Département du Nord in 1828. This was an industrial department of France and Villeneuve-Bargemont, to say the least, was not pleased with the conditions he found there.

The titles of his two major works are indicative of the ethical orientation he conceived economics to possess: *Economie politique chrétienne ou recherches sur la nature et les causes du paupérisme en France et en Europe et sur les moyens de le soulager et de le prévenir* (3 vols., 1834), and *Histoire de l'économie politique, ou études historiques, philosophiques et religieuses sur l'économie politique des peuples anciens et modernes* (2 vols., 1841).

In contradistinction to some of the opinion cited above, A. Courtois (fils) finds that Villeneuve-Bargemont discusses only indigence, charity and benevolence¹³⁴ in his *Christian Political Economy*. But it should be recognized that it was not so much an entirely new technical system which he wished to spell out; rather the womb of social philosophy from which a system of political economy emerged interested Villeneuve-Bargemont much more. Although he had at first been an adherent of the doctrines of Adam Smith and J. B. Say, he later attacked these ideas because of what he considered to be the dire consequences of their Liberalistic economic philosophy. In his view a truly Christian political economy would justify state intervention to protect labor against its employers; he further thought that distribution had been neglected by the earlier economists in favor of production.¹³⁵ The modern political economy is assailed by him because it failed to accept the real means of mitigating poverty in the midst of plenty, namely a Christian spirit toward wealth and all economic endeavor:

En vain, l'économie politique moderne, s'annonçant comme la science sociale par excellence, et dédaignant l'appui de l'élément chrétien, avait donné à l'industrie le sceptre de la civilisation, et promis qu'un nouvel âge d'or allait naître à la

suite de la concurrence universelle et d'une production indéfinie. En vain avait-elle provoqué le nivellement des classes et le renversement des antiques institutions. Les richesses ont augmenté dans les mains des riches industriels, et la misère s'est accrue parmi les travailleurs.

Or, quelle est la cause d'une anomalie qui condamne si inexorablement les théories économiques, si ce n'est le caractère abstrait de la science, et l'abandon systématique des considérations morales et religieuses? Nous l'avouons il nous est impossible de lui en assigner d'autres.¹³⁶

In order to get a most accurate perception of his viewpoint with regard to the relationship between economics and ethics, it is perhaps best to continue to let Villeneuve-Bargemont speak for himself. In the introduction to his *Histoire de l'économie politique*, he writes:

De cet examen historique et philosophique ressortiront naturellement les rapports étroits qui unissent la science de l'économie politique aux vérités révélées, à la morale et à la philosophie chrétienne. L'influence que les institutions politiques, les systèmes philosophiques et les religieuses, ont exercée constamment sur la condition matérielle des peuples et l'accord intime qui existe entre l'ordre moral et l'ordre industriel des sociétés, comme entre la vie physique et la vie morale de l'homme, se manifesteront également dans l'investigation consciencieuse et impartiale des faits.¹³⁷

From time to time throughout the work he alludes to facts which demonstrate this relationship between economics, and not simply moral philosophy, but even, in his view, moral theology.

Ainsi, montrer les rapports étroits qui unissent, comme science, l'économie politique aux vérités révélées, à la morale et la philosophie chrétienne; faire ressortir de l'investigation consciencieuse et impartiale l'influence que les systèmes philosophiques, les croyances religieuses et les institutions politiques ont exercée constamment sur la prospérité des peuples; constater enfin qu'il règne entre les lois de l'ordre moral et de l'ordre matériel des sociétés le même accord qui se manifeste entre la vie physique et la vie morale de l'homme, telles

nous semblaient être les conditions principales d'une histoire de l'économie sociale prise du point du vue catholique.¹³⁸

He is never at loss to show how a precept of religion can inspire, mitigate, or channel into the greater service of society a particular economic conjuncture. Thus, according to him work inspired by religious ideals is freer, noble and fruitful than that for love of mere pleasures of the senses; the religious sentiments of charity and justice will foster better treatment for the worker much more quickly than industrial self-interest; the sense of religious confraternity explains and strengthens the realization of the unity of interests and reciprocity of needs in the economic sphere; the principles of liberty, property, etc., were consecrated by religion before having been perceived as values in political economy.¹³⁹ Descending to the practical level, we find that the precursor of the Social Catholic movement was especially interested in the condition of labor and was an advocate of the eight-hour day (not exactly a popular proposal at the time), prohibition of labor for children under fourteen, inspection of factories to maintain sanitary conditions, international labor legislation to place a ceiling upon hours, government credit for farmers, and a living wage. Speaking of those things necessary for a decent standard of living, he writes: " 'If the wage cannot provide all these things for the workingman, it is no longer in conformity with the laws not only of nature, of justice, and of charity, but even of political prudence.' " ¹⁴⁰

Already in 1838, under a similar inspiration, Frédéric Ozanam, the founder of what was ultimately to be a world-wide society for the relief of the poor, known as the Saint Vincent de Paul Society, was defending the workers' natural right to a living wage, their right to organize and their right to protection by legislation against the power of capital. This, at a time when *laissez-faire* was still the accepted theoretical doctrine as well as policy in France and England.¹⁴¹ The point need not be labored here that it was indeed forward-looking for the French Social

Catholics to be proponents of government intervention in the economic sphere in the Liberal decades of the first half of the nineteenth century.

Villeneuve-Bargemont's thought may be epitomized (even if at the expense of neglecting richness of detail) in the major criticism he leveled at the existing political economy, for, in his estimation, the lack of material wealth on the part of many was not infrequently due to the lack of moral wealth on the part of others. Political economy must be widened, according to him, to include this concept and its implications.

Frédéric LePlay (1806-1882)

Only passing mention need be made of this French scholar, for he was perhaps much more a sociologist than an economist. The various historians and writers testify to the scientific spirit and character of his work.¹⁴² LePlay and his associates sought to present Christian Social Economy as contrasted with what they called materialistic political economy. His school found the goal of social harmony to lie primarily in increased personal moral responsibility in all social relationships. An organization known as the *Union de la Paix Sociale* was founded to apply his methods.

The greater part of his scientific work centered around the question of wages and of family budgets. All of it had an ethical, even a religious bent, for LePlay's conviction was: "L'étude méthodique des sociétés européennes m'a appris que le bien-être matériel et moral et en général les conditions essentielles à la prospérité y sont en rapport exact avec l'énergie et la pureté des convictions religieuses." ¹⁴³ Nevertheless, Cossa substantiates the contention that, in his general work, "LePlay, although a faithful and fervent son of the Catholic Church, was careful only to make final appeal to the precepts of the Decalogue and to those of the Gospels. . . ." ¹⁴⁴

Ramnaud's conclusion that, "On peut dire que l'économie sociale est née en notre siècle des observations et des travaux de Frédéric LePlay,"¹⁴⁵ is both somewhat enthusiastic and inaccurate, but it does serve to show the pervasive stamp of the moral element in Frédéric LePlay's thought.

Wilhelm Emmanuel von Ketteler (1811-1877)

In Bishop Baron von Ketteler is found a man who, in the opinion of the historian Janssen, appears only once in a thousand years.¹⁴⁶ He was of the nineteenth century German aristocracy, the Roman Catholic Bishop of Mainz, and yet could by his doctrines win the approval both of Ferdinand Lassalle and of his brother bishops. Indeed, Lassalle actually read some excerpts from Ketteler's book at a Socialist banquet amid considerable applause.¹⁴⁷ John Rae, too, testifies to his intellectual vigor and acuteness, as well as his personal disinterestedness.¹⁴⁸

Early in his priestly life Ketteler became noted for his devotion to the poor; in the decisive year of 1848 he was elected to the National Assembly at Frankfort and in a short time created a sensation with his series of six conferences on the social question delivered in the Cathedral at Mainz. Fichter calls these "the first adequate Catholic attempt to answer the challenge of the formidable Manifesto."¹⁴⁹ In him we have another of those men who make no claim to being professional economists and, yet, who have to be reckoned with because of their vigorous and effective dissent from the political economy of the day, especially the influence of its doctrine in practical social affairs. Rae notes: "The bishop never spares an opportunity of attacking 'heathen humanist Liberalism,' which he says has pushed the labouring man into the water, and now stands on the bank spinning fine theories about his freedom, but calmly seeing him drown."¹⁵⁰

Ketteler's concern about the "Social Question" is his identi-

fying characteristic. The social question, for him, embraced in a large measure all those relationships arising out of economic life, especially the labor-capital relationship. For it was at this point that ethics would impinge upon economics. Concerning it, he declares: "If we wish to know our age, we must endeavour to fathom the social question. The man who understands that knows his age. The man who does not understand it finds the present and the future an enigma." ¹⁵¹

His chief work, *Die Arbeiterfrage und das Christenthum*, was published in 1864; another important work typifying his thought was *Liberalismus, Sozialismus und Christenthum* (1871). In the first mentioned work he asserts his right to express his opinion on these questions and gives reasons why he thinks ethics, even a religious ethics, enters into them.

"I believe I have a right to express my opinion on the question of the workers in so far as that question is concerned with the material needs of Christian people. In this respect it is also a question of Christian love. Our divine Redeemer has for all time inextricably bound up the Christian religion with everything that relates to the alleviation of the spiritual and bodily woes of mankind." ¹⁵²

He is, of course, here putting his finger on the real Christian dynamic in all social questions, included among which are, of course, many economic questions. As Rae further maintains, it is exactly where the civil authority ends that the Christian authority enters, "and the rich have only escaped the obligation of compulsory legal enactment, to find themselves under the more far-reaching obligations of moral duty and Christian love." ¹⁵³

Ketteler asserted that, as things actually existed, Proudhon's indictment of "property as theft" had at least a partial resemblance to the truth, and unless the basis of its partial truth were quickly removed, he feared it might become a revolutionary rallying point to overthrow the whole social order. ¹⁵⁴ At this

early date, then, he recognized that the excesses of individualism can prepare the field for Socialism: "'As deep calls to deep, one injustice causes another. False individualist notions of property have given rise to the denials of communism.'" ¹⁵⁵

The bishop attacked individualism as forcefully as he did Socialism and insisted that his clergy instruct the people on the "boundless hypocrisy of modern individualism." ¹⁵⁶ He went further and advocated practical reforms: prohibition of child labor; a labor movement inspired by the guild spirit but adapted to modern needs; the moral right to a secure and permanent livelihood. The Church must arouse the interest of the laboring classes in order that these reforms might take place. ¹⁵⁷ So definite was he in his opinion of the duty of the Church here that he wrote: "I think that the bloodiest persecutions have done less harm to the Church than the courtly servility of bishops." ¹⁵⁸

Ketteler conceived of economic society organized on a vocational group or guild basis—a proposal given earnest stress later in the social encyclicals of Pius XI. "This is the great task to be accomplished, to re-establish, on a constitutional basis, natural groupings, especially of the workers. It is a heavy task, and I fear we are a long way from its accomplishment. We must be content with collecting materials for future construction." ¹⁵⁹ Unlike the corporative organizations of the recent Italian fascists, those of Ketteler and Pius were to be free, natural, autonomous institutions. The bishop insisted that they must be for economic ends, avoid political entanglements, have a moral basis and develop a corporative conscience, combine self-government and legal regulation in reasonable proportions. ¹⁶⁰ He even advocated profit sharing but added that a really Christian spirit would have to prevail if the capitalist were to be disposed in that direction. Workmen's compensation in time of sickness, state appointed factory inspectors, and closing of insanitary working places were among his recommendations.

To trace the history of all the organizations (Arbeitsverein,

Bauernverein, Gesellenverein, Volksverein, Kolping Societies) which were inspired directly or indirectly by the thought and writing of Ketteler and the other German Social Catholics, would be beyond the scope of the present work, although both instructive and fruitful. The Volksverein is especially significant because it essayed the education of the people along socio-economic lines by supervising the organization of short study courses on the local level, sponsoring courses on the national level by eminent authorities, and maintaining an information department at its headquarters, publishing pamphlets, books, etc. The significant feature about these associations is that they were lay organizations. Priests worked among the laity not as clerics but as specialists, and as Plater is careful to emphasize: "They were far from thinking that the possession of the Catholic faith or even of Holy Orders could take the place of expert knowledge. They did not stretch the *gratia status* so as to include divine guidance in economic questions."¹⁶¹

Much of this may seem quite commonplace almost a century later, but it did represent an ethical attack upon the strongly entrenched economic theory and policy of the day. It is perhaps not too difficult to appreciate Windthorst's judgment without attempting to defend his assertion of chronological priority, when he says: "It is and ever will be our glory that it was a Catholic prelate who first had the courage to hoist the flag of Christian social reform; and this at a time when the Manchester school completely ruled public opinion."¹⁶² To this view Peter F. Drucker lends his judgment in his *The End of Economic Man*, when he writes:

It is highly significant that this movement was started by two men in Germany who came from opposite poles of society and who had nothing in common except the conviction that economic and mechanist society was doomed: Bishop von Ketteler, a descendant of the proudest, wealthiest, and most influential family of the aristocracy, and the proletarian Kolp-

ing, who came from the dregs of society and who had to fight his way to priesthood through hunger and humiliation.¹⁶³

Heinrich Pesch (1854-1926)

This German Jesuit priest-economist was another of those scholars who held the necessity of an orientation of economics towards ethics without at the same time confusing the two sciences. He cannot be written off as a mere clerical dabbler in economic science, for, as Suranyi-Unger asserts:

In spite of its constant Christian social character, Pesch's system is marked by a broad and tolerant consideration of the opinions of others and a willingness to point out their strong as well as their weak points. Thanks to this, his system has been on the whole well received by scientific criticism, and its good qualities have been universally acknowledged.¹⁶⁴

Before becoming a formal student of economics Pesch produced a two-volume work entitled, *Liberalismus, Sozialismus und christliche Gesellschaftsordnung* (1900-01). This was an historical and systematic study of the relation of Catholic social philosophy to the two major currents of nineteenth century social thought. Father Pesch's chief scientific contribution was his *Lehrbuch der Nationalökonomie* (5 vols., 1904-25). His essay, *Ethik und Volkswirtschaft* (1918), traces briefly ethical concepts in some of the major economists.

The distinctive feature of Pesch's work is his insistence upon a conception of economic systems as products of social philosophies. A people's conception of human nature, according to Pesch, will determine in a large way their economic system. Unsatisfactory economic systems are usually based on extreme philosophies, either individualistic or socialistic.¹⁶⁵ Yet, he held rigidly to the idea of a relative autonomy for economics in relation to ethics and, therefore, refused to be beguiled into using such expressions as "Christian economics" or "Catholic economics."¹⁶⁶

He rejects Liberalism because of its individualistic and atomistic character, and Socialism because of its extreme position with regard to the nature of society. To his own social philosophy he gave the name "Solidarism"; according to it the individual is not a mere means of society, nor is society a means of the individual. Society must contribute to the individual, and the individual to society. As Mueller expresses it, the "... relationship of solidarity is characterized by the peculiar dual direction of the conjunctive relation, i.e., by the mutuality of the social nexus."¹⁶⁷ This viewpoint involves a conception of social justice as distinguished from distributive and legal justice; the prosperity of the whole, and of each, must be sought by all.

... there is a special kind of justice which gives all members of society, individual and collective, a direct claim to share in the social weal of all and each, and in turn obliges them all to contribute directly to the social weal of all and each.¹⁶⁸

His social philosophy of "Solidarism" translated into the economic sphere becomes what he calls the "social system of industry." Man, not profit or wealth, becomes the center of Pesch's economics, for, like Smith, he regards human industry as the chief cause of wealth; but Pesch's man is man in society, not a discrete and individualist man. Within this framework, man is the responsible agent and the end of the economic system. From this outlook anything occurring in the economic order which can affect the national welfare has to be a part of economics, and subject to moral or ethical canons.

Heinrich Pesch's perspective is appropriately and succinctly summarized by Brinkmann when he concludes that "... Pesch stresses the teleological unity of economic society as a system of material means for moral ends."¹⁶⁹

Leo XIII (1810-1903)

The treatment of any phase of Social Catholic thought of the nineteenth century would be incomplete without a consideration of the work of Leo XIII. His was one of the longest pontificates in the history of the papacy (1878-1903) and a fruitful one in terms of the exposition of Catholic social teaching, especially as it applies to economic life. He gave the Social Catholic movement his stamp of official approval and crowned it with his incomparable encyclical *Rerum Novarum* (*On the Condition of the Working Classes*) (1891).

It was of this work and its commemorative piece written forty years later, *Quadragesimo Anno* (*On Reconstructing the Social Order*) (1931), that Richard T. Ely wrote:

... I find encouragement in the Encyclicals of Leo XIII and Pius XI. I, as a Protestant, do not find anything but sound economics in these products of the wise old Vatican, especially those sections dealing with the relations between labor and capital and between man and land. In answer to my request, the Right Reverend Msgr. John A. Ryan, D.D., has written a summary of these two Encyclicals which appears in the Appendix.¹⁷⁰

The full import of this rather singular action on Ely's part is all the more underlined by the fact that it came relatively close to the end of what was one of the most distinguished careers in the annals of American economics. The French Liberal economist, Leroy-Beaulieu, was cognizant of the significance of *Rerum Novarum* for economics, since as Kaufman notes in his article on the Encyclical in *Palgrave's Dictionary*, Leroy-Beaulieu was of the opinion that

... so far from coming into conflict with the principles of political economy, as now understood, the Encyclical is on a line with its most recent developments, adding to the moral factor the religious forces without which selfishness and

greed would be the only prompting motives of economic action.¹⁷¹

Rerum Novarum gave sanction to and served as a charter for the Social Catholic movement. Its keynote is struck in the comment contained in the above citation. The flesh of the economic body is skillfully peeled back and the ethical framework underneath is revealed. The encyclical is divided into three parts and the ethical implications underlying the questions treated in each are set forth. The divisions are: 1. A refutation of Socialism as the remedy for the condition of labor; 2. Setting forth basic philosophical principles necessary for an approach to the problem of labor; 3. The presentation of certain institutional changes needed for a solution of the problem. These changes were quite advanced, considering the accepted economic policies and social philosophies of the time. Limitation of space allows citation of only a few of the passages illustrative of Leo's masterful pointing up of the ethical in the economic, combined with a firm restraint which never confuses the two types of phenomena. For instance, Socialism is rejected as being unjust,¹⁷² but it is also uneconomic. In fact, its very injustice will affect the economic side of the question, for common property

... would open the door to envy, to evil speaking, and to quarrelling; the sources of wealth would themselves run dry, for no one would have any interest in exerting his talent or his industry: and that ideal equality of which so much is said would, in reality, be the leveling down of all to the same condition of misery and dishonor.¹⁷³

At still another point, with equal balance and circumspection, he asserts the basis of the authority of the Church in the labor question.

For no practical solution of this question will ever be found without the assistance of Religion and the Church. It is We who are the chief guardian of Religion, and the chief

dispenser of what belongs to the Church, and we must not by silence neglect the duty which lies upon Us. Doubtless this most serious question demands the attention and efforts of others besides Ourselves—of the rulers of States, of employers, of labor, of the wealthy, and of the working population themselves for whom We plead. But We affirm without hesitation that all the striving of men will be in vain if they leave out the Church. It is the Church that proclaims from the Gospel those teachings by which the conflict can be brought to an end, or at least made far less bitter; the Church uses its efforts not only to enlighten the mind, but to direct by its precepts the life and conduct of men. . . .¹⁷⁴

In short, the Pontiff wants people to become "better off" by becoming "better." However, to those who might suppose this to be a sort of "pie-in-the-sky-when-you-die" doctrine, the Pope makes reply:

Neither must it be supposed that the solicitude of the Church is so occupied with the spiritual concerns of its children as to neglect their interests temporal and earthly. Its desire is that the poor, for example, should rise above poverty and wretchedness, and should better their condition in life; and for this it strives.¹⁷⁵

A careful reading of the third section will also give ample proof that here is no use of Christian social ethics merely as an "opiate." Or, again, in another instance he says:

It cannot, however, be doubted that to attain the purpose of which We treat, not only the Church, but all human means must conspire. All who are concerned in the matter must be of one mind and must act together. It is in this, as in the Providence which governs the world; results do not happen save where all the causes cooperate.¹⁷⁶

One is amazed at the courage and depth of the next statement, when it is realized that it was written in 1891. Again, it is one of those passages in which the ethical and economic are met together:

Rights must be religiously respected wherever they are found; and it is the duty of the public authority to prevent and punish injury, and to protect each one in the possession of his own. Still, when there is question of protecting the rights of individuals, the poor and helpless have a claim to special consideration. The richer population have many ways of protecting themselves, and stand less in need of help from the State; those who are badly off have no resources of their own to fall back upon, and must chiefly rely upon the assistance of the State. And it is for this reason that wage-earners, who are, undoubtedly, among the weak and necessitous, should be specially cared for and protected by the commonwealth.¹⁷⁷

Once more, when discussing wages, the ethical in the question is balanced against the Liberal economic ideas of the nineteenth century. The idea of free contracts is accepted, but with due circumscription:

Let it be granted, then, that, as a rule, workman and employer should make free agreements, and in particular should freely agree as to wages; nevertheless, there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage-earner in reasonable and frugal comfort. If through necessity or fear of a worse evil, the workman accepts harder conditions because an employer or contractor will give him no better, he is the victim of force and injustice.¹⁷⁸

The capitalist tendency to concentrate property in the hands of the relatively few and the Socialist concentration of it in the hands of the state are rejected, and Leo argues for a widespread distribution of property as ethically just and economically productive. "The law, therefore, should favor ownership, and its policy should be to induce as many as possible to become owners."¹⁷⁹ Husslein calls this passage the goal of the "Encyclical and of the entire system of Catholic socio-economic thought."¹⁸⁰

To the argument for trade unions from economic necessity is joined an ethical imperiousness, for, as the Pope reasons, "to

enter into a society of this kind is the natural right of man; and the State must protect natural rights, not destroy them. . . ."¹⁸¹

Finally, true to the medieval tradition, the Pope concludes his encyclical on *The Condition of Labor* with a recognition of the force of Charity as an economic and social solvent:

For the happy results we all long for must be chiefly brought about by the plenteous outpouring of Charity; of that true Christian Charity which is the fulfilling of the whole Gospel law, which is always ready to sacrifice itself for other's sake, and which is man's surest antidote against worldly pride and immoderate love of self. . . .¹⁸²

Pius XI (1857-1939)

Forty years after Leo XIII's *Rerum Novarum*, and partly in commemoration of it, Pius XI issued another encyclical pregnant with significance for the present study. Not merely content with setting forth the ethical implications of various aspects of economic conduct, Pius XI in *Quadragesimo Anno—On Reconstructing the Social Order* (1931) discusses fully the specific nature of the relationship of the two orders—the economic and the ethical. Representing the authority of the Church in social and economic spheres, he said:

Indeed the Church believes that it would be wrong for her to interfere without just cause in such earthly concerns; but she never can relinquish her God-given task of interposing her authority, not indeed in technical matters, for which she has neither the equipment nor the mission, but in all those that have a bearing on moral conduct.¹⁸³

The Pope speaks of the success of the efforts made during the forty years intervening between the two encyclicals to evolve a truly Christian social science.¹⁸⁴ It is significant that he did not use the words "Catholic economic science," for there is not and cannot be any such thing. As von Nell-Breuning observes: ". . . the characteristically delicate distinction made here by

the Pope is a timely warning to refrain from well-intended but ill-advised attempts to remodel economics 'from the Catholic viewpoint.'"¹⁸⁵

Pius XI recognizes the proper or ordinate autonomy of the two spheres of culture, but that is, of course, different from accepting an absolute autonomy for the economic sphere:

For, though economic science and moral discipline are guided each by its own principles in its own sphere, it is false that the two orders are so distinct and alien that the former in no way depends on the latter. The so-called laws of economics, derived from the nature of earthly goods and from the qualities of the human body and soul, determine what aims are unattainable or attainable in economic matters and what means are thereby necessary, while reason itself clearly deduces from the nature of things and from the individual and social character of man, what is the end and object of the whole economic order assigned by God the Creator.¹⁸⁶

For if some sort of moral criteria does not apply, then the economic order becomes an absolute, and *laissez-faire* its only guiding principle. This situation is, however, rejected by the Pope because

Free competition, however, though within certain limits just and productive of good results, cannot be the ruling principle of the economic world. This has been abundantly proved by the consequences that have followed from the free rein given to these dangerous individualistic ideals. It is therefore very necessary that economic affairs be once more subjected to and governed by a true and effective guiding principle. . . . More lofty and noble principles must therefore be sought in order to control . . . to wit, social justice and charity.¹⁸⁷

In language redolent of *Quadragesimo Anno* itself, Sir Josiah Stamp spelled out his agreement: "It is of no avail to teach men sound economic principles if they permit themselves to be swept away by greed."¹⁸⁸

It is over those (and only those) phases of economic life

which involve conduct and thus have obviously ethical implications that Pius XI asserts the relevancy of ethical criteria. But as Husslein points out, "In practically all questions concerning the relations of capital and labor we shall find that justice or charity are involved—e.g., wages, hours, labor conditions, child and woman labor, etc."¹⁸⁹

Moreover, it cannot be emphasized too strongly that the Encyclicals see a relationship between economics and morality, not religion, as is sometimes maintained by those who let their zeal run away with their intelligence. Nell-Breuning is emphatic on this aspect of the question:

... it is not basically a religious, but fundamentally and wholly a moral question which receives from religion certain support, indeed, cannot be satisfactorily solved without this support, but remains at the same time unchanged in character, and does not become a religious question.¹⁹⁰

The question of social justice as conceived by the Encyclical is not arrived at from revelation but from natural reasoning. Citations from Scripture are offered, not as proof, but to show the concurrence of logical reasoning with the Gospel.

Since *Quadragesimo Anno* fully and explicitly deals with the question of the nature of the relationship between ethics and economics, it hardly seems necessary here to outline in detail the treatment of all those instances in which Pius XI sees the ethical bordering on the economic, although such treatment would be highly illuminating for other purposes. The range, as well as the moral slant of the subject-matter encompassed, can be gathered from the sub-titles employed for the different sections: The Right of Property; Obligations of Ownership; Obligations Regarding Superfluous Income; Unjust Claims of Capital; Unjust Claims of Labor; Principles of Just Distribution; A Just Wage; Exigencies of the Common Good; The Law of Charity Must Operate; Harmony between Ranks in Society.

Finally, again eight years later, in 1939, in a letter on the

occasion of the Golden Jubilee of the Catholic University of America, this same Pontiff tersely reiterated his position on the relationship between ethics and the social sciences when he wrote: "Since the sciences of civics, sociology and economics deal with individual and collective human welfare, they cannot escape from the philosophical and religious implications of man's origin, nature and destiny." ¹⁹¹

In England, as in Germany and France, the Catholic Social Movement manifested itself in the formation of guilds, congresses, study clubs, publication of yearbooks, etc. The Catholic Social Guild, founded in 1909 largely as a result of the efforts of Rev. Charles D. Plater (1875-1921), is of particular interest because of the scope and earnestness with which it promoted the serious study of socio-economic principles, especially among the workers. Definite courses of study were arranged in Economic Theory, The Social and Economic History of England, Social Problems of the Day; certificates and diplomas were awarded upon successful passing of the examinations of the Guild. The Guild was responsible for the foundation of Catholic Workers' College (1921) at Oxford which had for its purpose "the education of Catholic working men in Apologetics and Ethics and in the Social Sciences from the standpoint of Catholic principles." ¹⁹² After five years of existence, the Board of Education recognized the institution as a Residential College under the Adult Education Regulations of 1924, and the Convocation of Oxford University gave its approval "as a Society or Institu-

tion in Oxford established for the purpose of higher study," empowered to receive diplomas.¹⁹³

Charles Stanton Devas (1848-1906)

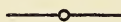
The text of C. S. Devas (*Political Economy*, 1891) was of large use in some of these courses, and as the obituary notice in the *Economic Journal* said of Devas, he "was distinguished amongst those who had written on political economy by the fact that he considered the subject from the Catholic point of view."¹⁹⁴ Devas is perhaps the most extreme of all the writers reviewed in this section in his conception of the interpenetration of ethics and economics. In fact, according to him economics "is a part of moral philosophy or ethics. . . ." ¹⁹⁵ Ethics is subdivided by Devas into general and particular ethics, and the latter is further subdivided "into two great sciences, economics, looking at the free actions of men as bound together for the purpose of getting their subsistence and preserving their race; and politics. . . ." ¹⁹⁶ Devas agreed with J. N. Keynes' distinction between normative and positive science as corresponding to the ancient distinction between *scientia practica* and *scientia speculativa*, but he could not accept Keynes' reason for keeping the two separate.

Now this might be done, but would be very inconvenient, separating premises from conclusion, and breaking off at the very point of interest, when all the materials for judgment had been collected. We could hardly put up long with this inconvenience, as we see by the fact, that the great body of economists who profess to have to do, as they say, with the indicative mood only, and not the imperative mood, cannot keep from trespassing again and again on the ethical field, as Senior complained, all the while doing it himself, as Mill and Roscher and Professor Walker have done, and last but not least, Professor Marshall.¹⁹⁷

Devas did not think the term, "from the economic point of

view," should be employed, if what is meant is "economic" in contradistinction to "ethical." "Technical" is the word that he would prefer, and he uses this opportunity to stress once more "that both politics and economics are departments of ethics." ¹⁹⁸

It would appear, then, that the comprehensiveness and extremity to which Devas goes, especially his making economics a branch of ethics, leave him somewhat isolated from the great body of Social Catholic Thought, at least on this phase of the scope question. He stands alone, not as a dissentient, but as one who overshoots the mark.



This phase of the present inquiry would be prolonged unduly and without producing anything in the way of innovation were it to go into Social Christian movements in the United States. These, in the case of both the Protestants and the Catholics, draw largely on some or all of the concepts already treated. Space allows only mention of major statements of basic principle. The Federal Council of Churches issued a document (1912, revised 1932) setting forth "The Social Ideals of the Churches." In 1947 a major "Conference on Economic Life" was held at Pittsburgh. It attempted to re-apply principles in terms of the economic situation after World War II. The Central Conference of American Rabbis and the Rabbinical Assembly of America have repeatedly issued statements with an ethico-economic content. Among the Catholics there was "The Bishops' Program of Social Reconstruction" (1919); there is also the permanent organization for the study and amelioration of social

problems, the Department of Social Action of the National Catholic Welfare Conference, from which has emanated a whole series of publications as well as practical good works.

Richard T. Ely's conclusion on these movements was:

In spite of these praiseworthy movements, I cannot fail to discover a certain confusion and lack of unity among Protestants. Perhaps this is due to the splitting of Christians into many religious organizations. Perhaps here we find an argument for the efforts being made to unite Christians. The merit of the Encyclicals of the Catholic Church is that they stand for the whole body of Roman Catholics. This gives them a wide and spacious house in which to move about; it is a house with metes and bounds, and not with the whole wide world to roam about in; the Ten Commandments still hold.¹⁹⁹

Perhaps if Ely were still alive, he would find some comfort in the joint "Declaration on Economic Justice" (1946) issued by the Social Action Department of the National Catholic Welfare Conference, the Synagogue Council of America, and the Federal Council of Churches of Christ in America. All of its features need not be examined here; nevertheless the major premise of the whole statement is of import for the present inquiry:

... man's economic life is subject to the sovereignty of God and to the moral precepts which have their origin in God. Economic problems are admittedly technical problems, but they are also theological and ethical. Ultimately they depend for their solution upon our concept of the nature of man—his origin and destiny, his rights and his duties, his relationship to God and to his fellowman.²⁰⁰

It should not be necessary to observe that this document is a declaration of maximal inter-credal agreement, not the full socio-economic teaching of these church groups.

Couching his observation almost in the form of a warning, the Rev. Dr. John F. Cronin, S.S., past president (1946) of the Catholic Economic Association, very carefully defines the limits

and sets qualitative standards for those clergymen who, either as individuals or groups, would bring ethical criticism to bear on the economic order. Speaking of recommendations by various religious groups, he says:

Insofar as they involve matters of economic policy as well as general considerations of ethics, they do carry the Churches beyond their acknowledged spheres. On the other hand, it is held that ethical principles must be applied to concrete realities if they are to become something more than abstractions. Even if this point is conceded, however, it must be acknowledged that specific suggestions must be defended on their own merits as economically sound. If churchmen are to make such applications, they must have competence in the social sciences as well as in matters of ethics and religion. Loose statements on concrete matters tend to cast discredit upon the general principles which are being applied in this manner.²⁰¹

It can be seen, then, from this account that there has been a rather large questioning on ethical bases of the implications of Classical economics by those who, for the most part, were not associated with what might be called a formal school of economic thought. There remains now to examine the concept of ethics in economics according to the other major groups of thinkers.

FOOTNOTES CHAPTER VI

1. Charles Gide and Charles Rist, *A History of Economic Doctrines*, p. 380.
2. R. Gonnard, *Histoire des doctrines économiques*, Vol. III, p. 215.
3. Hector Denis, *Histoire des systèmes économiques et socialistes*, Vol. II, p. 291.
4. *Ibid.*, p. 283.
5. O. Fred Boucke, *The Development of Economics*, p. 193.
6. Lewis H. Haney, *History of Economic Thought*, p. 401.
7. Alexander Gray, *The Development of Economic Doctrine*, p. 216.
8. J. C. L. Simonde de Sismondi, *De la richesse commerciale*, Vol. I, p. xx.
9. *Ibid.*, Vol. I, p. 109.
10. *Ibid.*, Vol. II, p. 152.

11. J. C. L. Simonde de Sismondi, *Nouveaux principes d'économie politique*, Vol. I, pp. iii-iv.
12. Mao-Lan Tuan, *Simonde de Sismondi As An Economist*, p. 18; John F. Normano, *The Spirit of American Economics*, p. 81.
13. Gustav Cohn, *History of Political Economy*, p. 50.
14. J. C. L. Simonde de Sismondi, *Nouveaux principes, etc.*, Vol. I, p. 8.
15. *Ibid.*, Vol. I, p. 9.
16. *Ibid.*, Vol. I, p. 313 (1827 ed.).
17. *Ibid.*, Vol. II, pp. 248-249.
18. *Ibid.*, Vol. I, p. 20 (1827 ed.).
19. *Ibid.*, Vol. I, p. 379.
20. *Ibid.*, Vol. I, p. 54.
21. *Ibid.*, Vol. I, pp. 430-431.
22. Cited by Wm. Scott, *The Development of Economics*, p. 253.
23. Simonde de Sismondi, *op. cit.*, Vol. II, p. 313.
24. *Ibid.*, Vol. I, p. 350.
25. Cited by D. O. Wagner, *Social Reformers*, p. 154, from *Nouveaux Principes*, Vol. II, pp. 330-334 (1827 ed.).
26. Simonde de Sismondi, *op. cit.*, Vol. II, p. 209 (Ed., 1827).
27. ———, *Etudes sur l'économie politique*, Vol. III, pp. 238-239.
28. *Ibid.*, Vol. II, p. viii.
29. *Ibid.*, Vol. II, p. 4.
30. *Ibid.*, Vol. III, p. 4.
31. *Ibid.*, Vol. III, pp. 4-5.
32. Cf. *Ibid.*, Vol. III, Table analytique, p. 472. The discussion of the point made is on p. 108.
33. *Ibid.*, Vol. II, p. 155.
34. *Ibid.*, Vol. II. Cf. Table analytique, p. 458. The discussion of the point made is on p. 190.
35. J. C. L. Simonde de Sismondi, *Political Economy and the Philosophy of Government*, A Series of Essays Selected from the Works of M. de Sismondi by M. Mignet, p. 49.
36. Cf. E. Teilhac, *Pioneers of American Economic Thought in the Nineteenth Century*, p. 42, and D. O. Wagner, *op. cit.*, p. 146. Also A. Gray *op. cit.*, p. 216.
37. Eric Roll, *A History of Economic Thought*, p. 237.
38. Scott, *op. cit.*, p. 192.
39. Othmar Spann, *The History of Economics*, p. 162.
40. Roll, *op. cit.*, p. 238.
41. Gray, *op. cit.*, p. 221.
42. Roll, *op. cit.*, p. 238.
43. John K. Ingram, *A History of Political Economy*, p. 185.
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47. Friedrich List, *The National System of Political Economy*, p. 141.
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50. *Ibid.*, p. 113.
51. *Loc. cit.*
52. *Ibid.*, p. 172.
53. Haney, *op. cit.*, p. 419.
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55. List, *op. cit.*, p. 139.

56. *Ibid.*, p. 208.
57. *Ibid.*, pp. 284-285.
58. Cf. Salin, *op. cit.*, p. 510.
59. List, *op. cit.*, p. 101.
60. *Ibid.*, p. 103.
61. Scott, *op. cit.*, p. 208.
62. Cited *Ibid.*, p. 209. (From "Literaturgeschichte der Staats- und Sozialwissenschaften," pp. 104-105).
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198. *Ibid.*, p. 544.
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200. *Catholic, Jewish and Protestant Declaration on Economic Justice*, p. 1.
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CHAPTER VII

THE SOCIALISTS

THE BROBDINGNAGIAN NATURE of nineteenth century Socialism makes it a system of thought at once both difficult to define accurately, as well as to treat from the viewpoint of the present essay. It would perhaps be neither erroneous nor too facile to divide all nineteenth century Socialism into pre-Marxian, Marxian, and post-Marxian. Such division being made, there still remains the problem of finding a definition broad enough to cover the whole thought-system known as Socialist. Its basic position can be summed up as a mental and moral revulsion at the evils and injustices of the existing economic system, accompanied by a program which is not merely one of reform, but which is subversive in the scientific sense of that term.¹ Such programs involve varying degrees of common ownership of property and a theory of society which sees a high degree of perfection in human nature and most social ills as resultant from prevailing institutions.

Early Nineteenth Century Socialism (1800-1848)

All pre-Marxian Socialism was distinctly ethical. Either directly or by implication, it is an appeal for social justice. Denis

says that the "is" and the "ought" are reunited in the Socialist viewpoint.

Au point de vue général de la méthode, la Sociologie économique théorique qui expose les lois de ce qui est, et la Sociologie économique pratique, qui recherche ce qui doit être, retrouveront ainsi l'unité qu'elles avaient perdue avec Rossi, Mill, Cairnes, et qu'elles n'avaient avec la Physiocratie que dans l'Absolu.²

Other authors support this contention: "Socialism has probably found its main strength on its ethical side."³ Spengler finds it "political economy converted into the ethical and moreover, the imperative mood."⁴ O'Brien notes that ". . . part of the strength of Socialism is its appeal to an ethic. . . ." ⁵ Ely discerns a similar stress:

The distinctive idea of socialism is distributive justice. It goes back of the processes of modern life to the fact that he who does not work, lives on the labor of others. It aims to distribute economic goods according to the services rendered by the recipients.⁶

As a matter of fact, not a few Socialists, especially the pre-Marxian group, are essentially social reformers and, in no sense, scientific economists. Nevertheless, theirs was an ethical critique of economic thought and, hence, is highly germane to this paper. Thus Haney finds that "They proceeded upon no merely moral basis. . . . Theirs was an economic point of view."⁷

Henri de Saint-Simon (1760-1825)

Saint-Simon came closer to establishing a new religious sect than to making any contribution towards a new economic scheme. His significance here is that he questioned the economic and social system on an ethical basis. Saint-Simon was critical of what he considered to be the evils and injustices of the sys-

tem of private ownership, but did not seem to want to go all out for social ownership; he felt that the moralists should so develop public opinion that its pressure would compel the owner of wealth to realize and accept its responsibilities.⁸ While not desiring equality of income, he did think that there should be equality of opportunity, that all privileges other than those resulting from differences of nature must be abolished.

In a few short sentences Gide and Rist digest the Saint-Simonian viewpoint, and it is a moral one, casting its long shadow upon the economic order:

By his appeal to sentiment and his sympathy for the working classes, by his criticism of the industrial regime of machines and competition, by his refusal to recognize personal interest as the only economic motive, he foreshadows the violent reaction of humanitarianism against the stern implacability of economic orthodoxy.⁹

The New Christianity (1825) was his chief work. It is not so much a religious book as a testament of material betterment here and now. Saint-Simon proclaimed a universal brotherhood and sought its translation in the field of social polity:

"In the New Christianity all morality will be derived immediately from this principle; men ought to regard each other as brothers. This principle which belongs to primitive Christianity, will receive a glorification, and in its new form will read: Religion must aid society in its chief purpose, which is the most rapid improvement in the lot of the poor."¹⁰

The one central theme running through all his works is his search for some moral force (*nouveau pouvoir spirituel*) which could so rule the inner life of men that it would develop in them a self-discipline in economic and other social relationships. This was the basic problem of Socialism. The Socialist reformers could spin elaborate webs of institutional reform but were always faced with the problem of engendering the moral and

spiritual force to make their elaborate projects hold together. Gide and Rist were of the opinion that by this recognition Saint-Simon and his followers redeemed themselves of some of their utopianism:

The Saint-Simonians recognised that a change so fundamental could only be accomplished through the instrumentality of religion. In doing this they have shown an amount of foresight which is rare among the critics who treat their ideas with such disdain.¹¹

Saint-Simon and his sect, however, wanted the end products of religion without religion itself, for, certainly, the "new Christianity" was purged of all philosophic dualism and supernaturalism.¹² Religion may be a powerful social and economic solvent, but it must be based upon something more than wishful thinking. In Saint-Simon's pathetic quest for this "something-more" is evinced the ethical as well as the impractical character of his thought; his inability to solve the former begets the latter.

Robert Owen (1771-1858)

In Robert Owen will be found another of those men whose criticism of the industrial order is ethical, but whose own program is too greatly utopian to be of much service. As Denis observes: ". . . pour lui comme pour Sismondi, l'Economie politique s'assujettit définitivement à l'Ethique. . . ." ¹³ Cole substantiates this when he writes: ". . . he devoted the whole of his energies to a social propaganda which became more ethical and rationalistic rather than directly political and industrial." ¹⁴ But his ethics was not that of social harmony via natural self-interest, for he thought that

". . . if there be one closet doctrine more contrary to truth than another, it is the notion that individual interest, as that term is now understood, is a more advantageous principle on which to found the social system for the benefit of all, or of any, than the principle of union and mutual co-operation." ¹⁵

Owen's was a determinist ethics; true to the Roussellian and Godwinian tradition of the other Utopists, there is no such thing as individual responsibility with Owen. The individual is completely a product of his environment.

"Any general character, from the best to the worst, from the most ignorant to the most enlightened, may be given to any community, even to the world at large, by the application of the proper means; which means are to a great extent at the command and under the control of those who have influence in the affairs of men." ¹⁶

This viewpoint explains in part his opposition to all organized religions, because they ascribe social evils to individual sinfulness instead of to the institutional arrangements. Hence his opposition also to capitalism and marriage. Humanitarianism, rational religion, and voluntary association are opposed by Owen to the older institutions and thought-systems which he rejects.

He had a "natural law" viewpoint all his own and envisioned great social progress for men ". . . if they knew how to unite to be governed by the laws of God and nature, instead of submitting to the everchanging, wicked and absurd artificial laws of men, made to endeavour to oppose those divine laws." ¹⁷

His earlier views are found in the essay, *A New View of Society* (1812). Some appreciation of their ethical as well as utopian character can be garnered from the following quotation from his address delivered at New Lanark on the occasion of the opening of the Institution for the Formation of Character, and later published along with other of his views:

In short, my friends, the New System is founded on principles which will enable mankind to prevent, in the rising generation, almost all, if not all the evils and miseries which we and our forefathers have experienced. A correct knowledge of human nature will be acquired; ignorance will be removed; the angry passions will be prevented from gaining

any strength; charity and kindness will universally prevail; poverty will not be known; the interest of each individual will be in strict unison with the interest of every individual in the world. . . . Such will be the certain consequences of the introduction into practice of that system for which I have been silently preparing the way for upwards of five and twenty years.¹⁸

So ethical was Owen's outlook that he even had a conception of just price; it was the "cost of goods"; to charge more was considered by Owen to be unjust.

His *The Book of the New Moral World* (1820) again shows his ethical prepossession, and, as is well known, he spent most of his fortune in trying to make the new moral world a reality. Similar evidence of his moral bent is found in the fact that at the Congress of the National Equitable Labour Exchange in 1833, at which Owen presided, his inspiration led to the adoption of a resolution for the formation of a Grand National Moral Union of the Productive and Useful Classes. There scarcely seems to be any instance in which Owen's approach to society is not grounded on his conception of ethics. One need not agree with this conception to appreciate the high motives which led him to turn from opportunities for even greater personal wealth and success to an interest in the amelioration of the condition of his fellow-men. That his work was so utopian in character is regrettable, but understandable in the light of some of his basic premises.

Charles Fourier (1772-1837)

The most millenarian of all the early socialists was Charles Fourier. Fourier was extremely critical of modern civilization, finding in it almost nothing good. He thought that in the present stage of civilization the least desirable elements come out on top, that honesty and integrity merely insure failure,¹⁹ that in the final analysis every person was at war with every other

person. This latter fact arises from the way modern industry is organized—each can profit only on the need of the other, and the greater the need the greater the profit. This idea was carried to the extreme by Fourier, as he did many others, but there is enough truth in it to give it significance. According to him, man should abandon the quest for morality and follow his natural passions. This was the will of God who "... knew what he (sic) was doing when he made men as they are; and instead of correcting the work of God, we should endeavour to find out how he meant his works to be used.'"²⁰ Fourier "discovered" twelve of these passions; the first five were the usual five senses; in addition, there were four appetites of soul, friendship, love, and ambition; and three more or less unique passions termed *cabaliste* (desire for intrigue); *papillone* (the desire of change); and *composite* (the desire for union). If none is interfered with, the total result will be "unitéisme," or perfect social harmony. All that was needed was some capitalist to come along and finance a phalanx (ideal community in which the whole design could be tried out). The success of one such experiment would insure widespread imitation, according to Fourier.

If the usually rehashed stories about the influence on Fourier of the particularly acquisitive aspects of the capitalist system can be given any weight (the one about the rice being allowed to spoil and being dumped into the sea in order to keep up its price, and the one about his being punished as a child for having told the truth concerning a business matter), Fourier's taking issue with the economics of nineteenth century capitalism rested on a moral basis. He spoke of the chief concern of the time as being

"... the art of organizing combined industry, whence will issue a fourfold product; good morals; the accord of the three classes—rich, middle, and poor; the discontinuance of party quarrels, the cessation of pests, revolutions, and fiscal penury; and universal unity."²¹

When he dealt with distribution, his approach was also ethical, for, in the new society

"The social bond would be broken the very first year, if there were a miscarriage in this particular, and if every one of the members, man, woman, or child, were not convinced that they had received a just share of the three kinds of dividends allotted. . . ." ²²

Fourier further spoke of the fact that in "Harmony" each one was to possess the "right" to labor and its fruits, also the "right" to the instruments of labor and to maintenance.

Again it may be regretted of another socialist that, while his critique assumed a moral basis, his energies and sympathies were not channeled along more constructive and less visionary lines.

William Thompson (1785-1833)

Passing reference at least must be made to the work of William Thompson, since his significance lies in his having quite definitely foreshadowed some of the ideas of Rodbertus and Marx, especially those regarding the labor theory of value and exploitation. Judging from the title of his major work, he gave to his economics an ethical orientation—*An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness, Applied to the Newly Proposed System of Voluntary Equality of Wealth* (1824). Anton Menger states that "Thompson's object, like that of so many other socialists, was to prove the injustice of unearned income and private property. . . ." ²³ As had the Physiocrats, and to an extent Adam Smith, Thompson held that there existed natural social and economic laws which must be discovered and allowed to operate without interference, if prosperity were to be enjoyed. Stark emphasizes the twofold character of his work—the scientific and the ethical:

He . . . envisaged a science of society and economy that would be at once realistic and idealistic: realistic in describing and analysing the actual order of society, the order that exists; idealistic in announcing and advocating the perfect order of nature underlying it, the order that should prevail.²⁴

Louis Blanc (1811-1882)

With Louis Blaic the current of Socialism takes a turn away from bourgeois and capitalist lines toward the workers, although it still retains in a large measure its Utopian aspects. Blanc also approaches the whole question of economic activity from the point of view of an ethical perspective. The central theme of his chief work, *Organisation du travail* (1841), is "*le droit au travail*" (the right to labor) which is based on "*le droit à la vie*" (the right to life). He thought that the present society did not fulfill these rights and therefore had to be condemned. Competition he regarded as nothing less than warfare, a *bellum omnium contra omnes*.²⁵ In order that the right to work shall be effectuated, the state is to set up *ateliers sociaux* (social workshops) in which labor would be provided for all who need it. Even regarding these, an ethical norm is advanced, since workers will have to offer "guarantees of morality" in order to enter such establishments.²⁶

There is an essential antinomy in much of this early Socialist thought. In order that the various ideal societies and communities might be successfully established and maintained, high moral qualities are required in the individuals who will so associate themselves, and yet existing institutional arrangements preclude the formation of people with such qualities. There appears to be a viciously circular juxtaposition of personal moral qualities and of institutions, as now cause, and then again effect. Perhaps the ultimate lack of success of most of these "associationist" projects indicates that the good life is based not alone on good institutions but also, even primarily, on a continuing good will.

At any rate, as Gray emphasizes, Louis Blanc, as did the other Utopian Socialists, mixes a large ration of philosophy and even theology (natural) with his economics.²⁷ For instance, to govern distribution in the social workshops, Blanc set up the principle, "from each according to his capacity, to each according to his needs." To him it is an ethical imperative:

"If you are twice as strong as your neighbor, it is a proof that nature has destined you to bear a double burden. If your intelligence is superior, it is a sign that your mission is to scatter about you more light. Weakness is a creditor of strength; ignorance of learning. The more a man can (*peut*), the more he ought (*doit*); and this is the meaning of those beautiful words of the gospel: 'Whosoever will be chief among you, let him be your servant.' Whence the axiom, *From every one according to his faculties*; that is one's DUTY."²⁸

Finally, in place of individualism as the organizing principle of economic life, he substitutes fraternity:

"Fraternity means that we are all common members (*membres solidaires*) of one great family; that society, the work of man, ought to be organized on the model of the human body, the work of God; and found the power of governing upon persuasion, upon the voluntary consent of the hearts of the governed."²⁹

Pierre Joseph Proudhon (1809-1865)

"One moral ideal underlies the whole of Proudhon's thought, the idea of justice."³⁰ Thus Eric Roll sounds the keynote of this pre-Marxian (one almost hesitates to call him) Socialist. Other authors give testimony to the central position of this concept in his thought. Of it, Denis writes:

La loi de cet Ordre, qu'il mettra en lumière est la Justice, expression morale de la balance de l'égoïsme et de l'altruisme. Là se révèle la position intermédiaire qu'il prend, entre le socialisme idéaliste et l'économie politique classique.

L'application de la Justice à l'ensemble des rapports économiques, la recherche d'un nouveau Droit économique, c'est l'oeuvre positive même de Proudhon, c'est une contribution véritable à la Sociologie, et comme un retour, avec des formes nouvelles, vers la Physiocratie.³¹

In a similar, and perhaps even wider, vein Max Beer avers that "Proudhon's starting point was the problem, how to create a society which should be based on commutative justice, on equal exchanges to the mutual benefit of producer and consumer . . . Proudhon's sources were the Schoolmen. . . ." ³² Ely assures his readers, however, that in Proudhon's *De la justice dans la Révolution et dans l'église* (1858) the Church came off quite the worse;³³ in fact the aforementioned work was highly anti-clerical. Proudhon was not a religious man according to Roll.³⁴ As did the other early nineteenth century Socialists, he followed the late eighteenth century deistic-naturalistic trend of thought.

In what was, perhaps, his major work, *What Is Property?* (1840), he has several lyric apostrophes to Justice: "Justice, nothing else; that is the alpha and omega of my argument: to others I leave the business of governing the world." ³⁵ Or again:

Justice is the central star which governs societies, the pole around which the political world revolves, the principle and the regulator of all transactions. Nothing takes place between men save in the name of right; nothing without the invocation of justice.³⁶

He closes his first *mémoire* on property with an ardent appeal (prayer, he calls it) to God to hasten the coming of the day of justice.³⁷ It is far too lengthy, however, for quotation. Proudhon makes justice the living God Himself. "La justice est le Dieu suprême, elle est le Dieu vivant." ³⁸ More specifically it is defined as "'the respect spontaneously felt and reciprocally guaranteed, of human dignity, in whatsoever person and in whatsoever circumstance it may be compromised, and to whatsoever risk its defence may expose us.'" ³⁹ In another well

known work, *System of Economic Contradictions, or Philosophy of Poverty* (1846), Pierre Proudhon gives some indication of his conception of the scope of economics, and especially the philosophic character he attributes to it:

... economic science is to me the objective form and realization of metaphysics; it is metaphysics in action, metaphysics projected on the vanishing plane of time; and whoever studies the laws of labor and exchange is truly and specially a metaphysician. . . . Economic science is then necessarily and at once a theory of ideas, a natural theology, and a psychology.⁴⁰

He explains that, before setting forth the "ought" of economic science, the economist must be familiar with the "is," but he leaves his readers in no doubt that he considers both important:

... economic science, subject like every other to the law of time and the conditions of experience, before seeking to ascertain how things ought to take place in society, had to tell us how things do take place; and all these processes which the authors speak of so pompously in their books as laws, principles, and theories, in spite of their incoherence and inconsistency, had to be gathered up with scrupulous diligence, and described with strict impartiality.⁴¹

The ethical character of Proudhon's *chef-d'oeuvre* is at once apparent, for the well-known reply to *Qu'est-ce que la propriété?* was, "*C'est le vol!*"

Marx anathematized Proudhon for "accepting the juridical notions of the bourgeoisie on robbery" and dubbed his book "the code of petty bourgeois Socialism."⁴² Marx had something more cherished than this as a basis of his disagreement with Proudhon, for the latter had rejected both private property and Communism, and supported a pseudo-Hegelian synthesis of the two in what he called "mutualism." It was in some aspects a form of anarchism. It does not appear that Proudhon thought all property to be theft, because in his posthumous *Théorie de*

la propriété (1866) he finds property, when purged by his idolized justice, quite acceptable.⁴³ In that work he remarks that it is "odd that after waging war against property for fifteen years, I am perhaps destined to save it from the inexpert hands of its defenders."⁴⁴ His classic rejection of Communism is couched in terms of the moral and spiritual:

The disadvantages of communism are so obvious that its critics never have needed to employ much eloquence to thoroughly disgust men with it. The irreparability of the injustice which it causes, the violence which it does to attractions and repulsions, the yoke of iron which it fastens upon the will, the moral torture to which it subjects the conscience, the debilitating effect which it has upon society; and, the free, active, reasoning, unsubmissive personality of man, have shocked common sense, and condemned communism by an irrevocable decree.⁴⁵

Proudhon was quite a phrase maker and he dealt Communism a *coup-de-maitre* by stigmatizing it as equally exploitative along with property: "Communism is inequality, but not as property is. Property is the exploitation of the weak by the strong. Communism is the exploitation of the strong by the weak."⁴⁶

Proudhon's thought may be summed up as having put a core of ethics into his economics, as did all the early Socialists, only with him this tendency is possibly wider and more profound.

Scientific Socialism

Karl Rodbertus (1805-1875)

Again the channel of Socialism takes a turn and this time toward what might be considered a more scientific, as distin-

guished from Utopian, approach to the question, especially since this group of Socialists tried to work out a consistent theory of value and distribution, in many cases patterned after the earlier systematic economists.

For Rodbertus, as with Louis Blanc, state direction of economic life was to play a large part, due to the failure of the unrestricted and freely competitive economic system to achieve a better distribution of the increasing product of industrial society.

Rodbertus, too, is essentially ethical, even theological (natural) in his approach to his subject. "The socio-philosophic basis of Rodbertus' ideas is an a priori, metaphysical collectivism, which, like every consistent doctrine of a similar kind, was in final analysis theologically orientated."⁴⁷ Gide and Rist in a similar vein of thought assert that

State Socialism is not an economic doctrine merely. It has a social and moral basis, and is built upon a certain ideal of justice and a particular conception of the function of society and the State. This ideal and this conception is received not from the economists, but from the Socialists, especially Rodbertus and Lassalle.⁴⁸

According to Rodbertus, labor produces all goods, either directly or indirectly, and therefore the central problem of economics becomes that of distributive justice. He accepted the Ricardian subsistence theory of wages and then made the deduction from it that, since the product of industry was increasing while labor was getting only subsistence, its proportionate share was actually decreasing, thus his *Gesetz der fallenden Lohnquote* (law of a decreasing wage share), which he enunciated as early as 1837. This condition has for him ethical as well as economic connotations, and he spoke of it as resulting in "Berge von Unrecht."⁴⁹ Engels took Rodbertus to task for this ethical interpretation, calling it the road leading "straight to Utopia," and saying:

The above implication of the theory of Ricardo, which shows to the workers that the totality of social production, which is their product, belongs to them because they are the only real producers, leads direct to Communism. But it is also, as Marx shows, false in form, economically speaking, because it is simply an application of morality to economy.⁶⁰

Rodbertus did not think Socialism a present solution for the problem of inequitable distribution. And here, too, his insight is ethical; we are not sufficiently developed morally to make it work as yet. Another five hundred years will be required to see it a reality; that stage of society he styles "Christian Social." For the present we need the *Geissel der Not* (scourge of need) to keep up production.⁵¹

His book, *Der normal Arbeitstag* (1871), or rather the basic conception contained therein, is not only necessary economically to stave off crises, but consistent with the ethical conceptions outlined above. Following a similar line of thought, wages to be both reasonable and just, according to Rodbertus, must neither jeopardize production nor doom the workers to a minimum of existence.⁵²

Haney thinks it the singular service of Rodbertus "to have brought out sharply the question of distributive justice."

With more economic learning and statistical data than his predecessors, coupled with a forceful presentation of the issue, he drove home the fact that there is a problem in the poverty of the masses, which partly, at least, concerns economics as a science.⁵³

Ferdinand Lassalle (1825-1864)

The founder of the Social Democratic Party need not detain this inquiry long, since, during his short life, brought to so untimely an end, he was much more the organizer and propagandist than scholar or original thinker. Thus Ingram, without too great a degree of acerbity, remarks that of the two attributes

inscribed on his tombstone, "*Denker*" and "*Kämpfer*," he deserves the latter more than the former.⁵⁴ Gray is still more obdurate when he writes: ". . . one is haunted by the gnawing doubt whether he was in fact moved by any consideration other than a passion for the limelight and the furtherance of his own glittering career."⁵⁵

Lassalle did not accept the materialistic interpretation of history; too, he was nationalist in his Socialism rather than international. He adopted the subsistence theory of wages, dubbing it the "iron law of wages." He saw only one way for the workers to escape its implications; that was by combining to form productive associations financed by state credit. He rejected the self-interest theory of the older economists because he thought that there was too large an element of conjuncture or chance in economic life, and thus state control became necessary. There are ethical overtones in all these conceptions which mount at times almost to a crescendo, for Lassalle was idealistic and appealed to social justice,⁵⁶ a trait which ranks him with all the earlier Socialists. The complete edition of his works runs to twelve volumes, and Lassalle "never tired of representing in vivid colors the injustice of our present social institutions," and "the crimes, selfishness, and heartlessness of the bourgeoisie. . . ." ⁵⁷

Karl Marx (1818-1883)

The unique and distinguishing characteristic which sets Marx off from the greater body of Socialists who preceded him is that he regarded his Socialism as purely scientific. The relevance of this fundamental aspect of Marxian thought to the central theme of the present inquiry will be readily apparent. Simkhovitch emphasizes the fact that it was Marx's intention to present a pure theory of economics abstracted of all ethics: "Whatever the faults and merits of Marx's theory of value may

be, it was not intended as an ethical basis for Socialism, but as a means of interpreting economic phenomena."⁵⁸ The ultimate revolution, according to Marx, is inevitable and inescapable; it therefore needs no ethical justification. Regarding the scientific nature of the Marxian idea of the eventual "expropriation of the expropriators," Simkhovitch writes: "In this argument he deals with the economic phenomena historically, i.e. he does not analyze them philosophically, but treats them as existing powers, and he expounds their political and social effects, which he regards as necessary and unavoidable."⁵⁹ Von Mises, who will not be suspected of any undue sympathy with the overall Marxian position, takes a similar point of view when he declares:

For pure Marxism, Socialism is not a political programme. It does not demand that society shall be transformed into the socialist order, nor does it condemn the liberal order of society. It presents itself as a scientific theory, which claims to have discovered in the dynamic laws of historical development a movement towards the socialization of the means of production. To say that pure Marxism pronounces itself in favour of Socialism or that it desires Socialism or wishes to bring it about would be just as absurd as to say that Astronomy wishes or thought it desirable to bring about a solar eclipse which it had predicted.⁶⁰

By way of contrast, there is the highly ethical tone of all pre-Marxian Socialism, which has been noted earlier. Marx inveighed against this on more than one occasion; for instance, in *Capital* he criticizes Proudhon's taking the ethical attitude:

Proudhon begins by taking his ideal of justice, of "justice éternelle," from the juridical relations that correspond to the production of commodities. Then he turns around and seeks to reform the actual production of commodities, and the actual legal system corresponding thereto, in accordance with this ideal. . . . Do we really know any more about "usury," when we say it contradicts "justice éternelle," "équité éternelle," "mutualité éternelle" and other "vérités éternelles," than the fathers of the church did when they said it was in-

compatible with "grace éternelle," "foi éternelle" and "la volonté éternelle de Dieu?"⁶¹

Marx denounced German Social Democracy for using the terms "just wages" and "just distribution." He based his argument on the contention that the laws governing distribution are dependent upon economic fact and cannot be any different than the particular state of economic development allows.⁶² The fact that Marx wanted to rule out of his economics any question of value judgment and desired to maintain its severely scientific character is also shown by his treatment of consumption. He holds that "... consumption which is considered not only as a final purpose, but also as a final aim, falls properly outside of the scope of economics, except in so far as it reacts on the starting point and causes the entire process to begin all over again."⁶³ However, the testimony of historians and critics would not be needed to establish how scientifically necessary and how ineluctable Marx considered the continuous flow and counterflow of history's economic dichotomies until the eventual dawn of the Socialist and, later, full Communist era, for such is well-known to anyone with even limited knowledge of his basic concepts. It is precisely this inexorability of the whole march of history, and Marx's claim to substantiate it scientifically, which rules out the need, even the admissability, of ethical inspiration for Socialism. All this does not mean that there is no such thing as ethics for Marx and his followers, but simply that there is no teleological subordination of economics to ethics. In fact, quite the opposite; the ethics of a society are born out of the particular modes of production prevailing at any given time in history.⁶⁴ Marx's own well known phrasing of it runs as follows:

The mode of production in material life determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary their social existence determines their consciousness.⁶⁵

Thus, the ethical aspect from having been for some writers cause, purpose, or end, now becomes result or effect of the economic; and thus locked out at the front door, it creeps in around the back, but withal, wearing a much humbler mien. In this sense, even for Marx, there can be no ethics independent of economics and no economics independent of ethics. As Flint explains of Socialism:

It represents economic factors as the roots of human culture, and morals as only a portion of its fruits; the material conditions of society as the causes which determine social growth, and the civilization which has thence resulted as the source of all the ethical perceptions, feeling, and actions now in the world.⁶⁶

G. D. H. Cole is equally explicit on the same point when he asserts that Socialism "insists that there can be no absolute principles in either politics or economics, but only forces, movements, claims and ideas which arise in response to developing objective situations. . . ." ⁶⁷ Kautsky, whose specialization has been *Ethics and the Materialist Conception of History*, gives his judgment that, "It was the materialist conception of history which has first completely deposed the moral ideal as the directing factor of the social evolution, and has taught us to deduce our social aims solely from the knowledge of the material foundations." ⁶⁸ He adds that this outlook points the way to the avoidance of disillusionment and disappointment when reality does not measure up to the social ideal.

The Marxian position as outlined above has not gone unquestioned by economists and social philosophers. Among the more important questions raised has been the problem of why the inevitable ebb and flow of economic categories, as explained by the materialistic dialectic, must come to rest in the final grand synthesis of complete Communism. What is to keep the revolutionary dictatorship of the proletariat from degenerating into an antithesis in the form of a privileged bureaucracy? Laski,

emphasizing the value of the individual personality, points up this criticism when he writes of Marx:

Unquestionably, he was right in his insistence that the distribution of economic power in a capitalist state makes the enjoyment of such personality impossible to most; but it does not seem any more likely to emerge in the successor that he contemplated. We may go further and argue that it is impossible in any state where the main purpose of, and motive to, effort, is the increase of material wealth. No society can realize itself in any full sense of the word until the mainspring of its existence is a capacity to value things of the mind as more precious than material commodities.⁶⁹

Although Mr. Laski would probably demur, for "mind" might be substituted "spirit," or "soul." In any case, for Laski, economics is not "end" or final cause. If Laski were a religious man he would say, "Not by bread alone doth man live. . . ." At any rate, if economics is ultimately determinative, it would seem that qualitative values are to be passed by, and quantitative considerations alone will have meaning.

A materialist utilitarianism may be detected in Marx, although, instead of the individual economic man following his own self-interest, there now emerges as the only ethical norm the hypostatized class interest. This does not mean that Marx had any sympathy for the Benthamite code; in fact he employed some of his choicest invective upon its author, as will be seen later. But, as Laski indicates of the materialistic view of human nature, it is a view ". . . be it noted, which has obvious and important connections with the general attitude of the Benthamite school."⁷⁰ The other schools of ethics must, however, levy the same criticism against the Marxian norm of class interest as against the utilitarian self-interest; that is, what significance can interest have for ethics? As DeMan contends: "We can even say that ethics do not begin until interest comes to an end, and that the worth of a moral volition is measured by the strength of the opposing interest which this volition is able to over-

come." ⁷¹

Regarding ethics as based on class interest and hence changing with the continual travail and synthesis of the class struggle, it must be observed that the objective ethical norm and a people's apprehension and observance of that norm are two different things. That individuals and nations have changed their moral estimation of certain practices does not indicate a change in the objective moral law, any more than an improved knowledge of the fundamental laws of any science implies a change in scientific law, or that those laws did not exist until men perceived them.⁷² The relatively high degree of stability of the moral prescriptions of the various religions, in contrast with the mutations and variability in social morality, gives strong evidence that ethics is something quite different from the product of the social conditions of a particular time, and morality not merely the epitomization of prevailing bourgeois prejudices.

A further contradiction is presented to the Marxian contention about morality being conditioned by the mode of production. It is the fact that according to the Christian moral code one achieves perfection in proportion to the degree to which he treats ownership as only a stewardship. And this is a universal conception, necessary to all who would achieve salvation. It will be remembered, too, without attempting to minimize the common Brotherhood in Christ, that both He and His Apostles were of the working class. Certainly, too, if the Christian religion had been primarily interested in bolstering the superior economic class with its ethics, it would hardly have found it effective to do so with such norms as the "vow of poverty," or such counsels, as, ". . . If thou wilt be perfect, go sell what thou hast and give to the poor and thou shalt have treasure in heaven";⁷³ or such ideals as "the Son of Man hath not whereon to lay his head."⁷⁴ Also, the distinction between ownership and use of wealth, and the insistence upon its universal social use, is a point which would have been fatal to a class morality.

There appears to be another point of vulnerability in the Marxian contention regarding the relationship between economic life and moral codes. It exists in the fact that the finding of two or more primitive tribes anywhere in the world, each with the same mode of production but with different moral standards, would place in serious difficulty the Marxian notion concerning the complete conditioning of ethics by the mode of production prevailing at any given time in history. As an example of such a possibility the peculiar ethical outlook of Melanesian primitives may be cited. The Dobu of the Kula Gulf, like their neighbors of the Trobriand Islands, enjoy an economy based on private property and exchange. However, these institutions have not produced in a fairly similar environment similar ethical concepts. To the Dobu, property is theft, and its acquisition (in the form of a good crop from the gardens) must never be displayed for fear of arousing the sorcery of the jealous. The basic suspicion that the ownership of property engenders has curious effects—marriage is a hostile act, laughter is tabu, sharp practice in trade is honorable, etc. All magic is hostile and directed at obtaining the assistance of evil spirits. Among the Trobrianders, who have similar basic economic institutions, however, a good crop is the occasion of rejoicing and ostentation, and this attitude brings an accompanying divergence in many other ethical concepts.⁷⁵ And, of course, the contrast of Dobu customs with our own is even sharper.

As various scholars have pointed out, Marx in his materialistic interpretation of history took the dominating and tone-giving fact of one era, that of bourgeois liberalism, and erected it into a principle of universal validity, a ruling principle of all times.⁷⁶

Giving now the prism of Marxian thought almost a complete turn, it can be seen that a strong case has been made by many writers for the primacy of the ethical in the whole Marxian position. This presents rather a polarity of opinion on the matter. Some philosophers have reproached Marx for concern-

ing himself exclusively with scientific economic analysis, while some economists have imputed to him a moral bias, evidenced in their opinion, by the deep sympathy for the proletariat which, they contend, creeps into his work.⁷⁷ Boucke, for instance, considers ethics at least corollary to the economics of Marx, and especially to that of his socialist followers.

What is popularly separated from matters of fact as a distinct question of ethics have been by socialists incorporated with social science. Ethics and economics have been fused into one single topic. There is no way of answering the questions first put by Marx without reaching also some definite conclusion on the ends of government and the nature of justice.⁷⁸

Gray concurs in this opinion and states it rather pointedly when he says: "There is Marx's philosophy and his economics and his philosophy hovers behind his economics even though in the economics he tries to be *rein wissenschaftlich*."⁷⁹ Bonar accuses Marx of being "... probably socialist first and economist afterwards; his economics probably came into being to explain his Socialism."⁸⁰ In his major work Bonar supplements this judgment when he concludes:

Features common to Lassalle, Engels and Marx are the economical view of history and the belief that the working classes are now the fools of the other classes and yet worth all the rest. Both these positions well deserve discussion. Socialism owes its strength to them far more than to particular economic theories such as that of the Brazen Law of Wages or that of Surplus, which have been unable to stand criticism.⁸¹

Harold Laski is also very definite in his delineation of the ethical in Marx's labor theory of value:

It is clear . . . that at the root of Marx's view there lies an ethical test of value. Commodities for him have not merely use and exchange value; they have also an inherent

value which is what they would obtain in exchange where society was properly organized, that is, where the equality of primitive society obtained.⁸²

Laski goes even farther in his essay and says that Karl Marx clung to his labor theory "not by virtue of any logical estimation of its theoretic adequacy, but because it summarized the most poignant experience he knew."⁸³ Von Mises rather bluntly characterizes Marx's position on this phase of the scope of economics by saying: "... he has decked out the resentment of the common man with the nimbus of science, and has thus made it attractive to those who live on a higher intellectual and ethical plane."⁸⁴ Finally, the Jesuit Father John Ming sees a dual Marx:

Marx, the founder of scientific socialism, is also the staunchest defender of the individual worker; he most enthusiastically raises his voice for justice and thunders against the injustice of capitalism. His words re-echo to this day in nearly all pamphlets and books edited by socialist writers, in nearly every speech or harangue delivered from a socialist platform.⁸⁵

It is this "thundering" in Marx's own works which will be next examined, for it is difficult to read Marx and his followers without noting the implication of ethical judgment on what is presented, or that the values achieved in a society according to the Marxian conception would be just. The whole tone of *The Communist Manifesto* (1848) is ethical by implication and often even by direction. Early in this tract, Marx and Engels do disavow any high purposes or extrinsic considerations:

The theoretical conclusions of the Communists are in no way based on ideas or principles that have been invented, or discovered, by this or that would-be universal reformer.

They merely express in general terms actual relations springing from an existing class struggle. . . .⁸⁶

Yet, as the two young "Communists" run on, they speak of "the

crying inequalities in the distribution of wealth"; issue a final clarion call for the workers of the world to unite and throw off their "chains," which incidentally carries ethical implications, and describe remnants of the landed aristocracy as stooping ". . . to pick up the golden apples dropped from the tree of industry, and to barter truth, love and honor for traffic in wool, beetroot-sugar, and potato spirits."⁸⁸ Also, as the *Manifesto* sees it, there is the "equal obligation of all to work," and property is by implication demanded as a right for the majority:

. . . in your existing society, private property is already done away with for nine-tenths of the population; its existence for the few is solely due to its non-existence in the hands of those nine-tenths. You reproach us therefore with intending to do away with a form of property, the necessary condition for whose existence is the non-existence of any property for the immense majority of society.⁸⁹

At once, the objection may be correctly raised that the *Manifesto* was not intended as a scientific piece of work, indeed by its very nature could not so be.

The whole tone of *Das Kapital* (1867) is also not that of a calm, objective, passive recital of facts. Not that Marx anywhere preaches or enters into long perorations, but yet he leaves little doubt of his moral indignation. One has only to read Chapter X on "The Working Day" to see Marx's opposition to the effects of its length on human beings. And such opposition is not simply based on scientific criteria. As Boucke indicates regarding Marx: ". . . like his followers, he hinted plainly at a moral issue. Nobody could condemn private capital and not plead guilty to a charge of moralism."⁹⁰ Section Two of Chapter X is entitled "The Greed for Surplus Labor." Marx here cites the reports of the factory inspectors concerning "the fraudulent mill owner"⁹¹ who, by various practices calculated to increase the working day, achieved a total weekly gain of 340 minutes and a yearly gain of twenty-seven working days. He identifies capitalist production with "robbery."

The capitalistic mode of production (essentially the production of surplus value, absorption of surplus-labour) produces thus, with the extension of the working day, not only the deterioration of human labour-power by robbing it of its normal, moral and physical, conditions of development and function. It produces also the premature exhaustion and death of this labour-power itself. It extends the labourer's time of production during a given period by shortening his actual life-time.⁹²

Ethical judgment phrased in terms of "human values" is made when Marx writes:

What experience shows to the capitalist generally is a constant excess of population, i.e. an excess in relation to the momentary requirements of surplus-labour-absorbing capital, although this excess is made up of generations of human beings stunted, short-lived, swiftly replacing each other, plucked, so to say, before maturity.⁹³

Similarly, in discussing division of labor throughout economic society, he finds that it

... seizes upon, not only the economical, but every other sphere of society, and everywhere lays the foundation of that all engrossing system of specialising and sorting men, that development in a man of one single faculty at the expense of all other faculties, which caused A. Ferguson, the master of Adam Smith, to exclaim "We make a nation of Helots, and have no free citizens."⁹⁴

Marx's readers would have to be singularly obtuse indeed not to sense the ethical implications of his further remarks on the division of labor:

Division of labour within the workshop implies the undisputed authority of the capitalist over men, that are but parts of a mechanism that belongs to him. The division of labour within the society brings into contact independent commodity-producers, who acknowledge no other authority but that of competition, of the coercion exerted by the pres-

sure of their mutual interests; just as in the animal kingdom, the *bellum omnium contra omnes* more or less preserves the conditions of existence of every species . . . that same bourgeois mind denounces with equal vigour every conscious attempt to socially control and regulate the process of production, as an inroad upon such sacred things as the rights of property, freedom and unrestricted play for the bent of the individual capitalist.⁹⁵

When the firm of Naylor and Vickers had stated that their only objection to allowing boys under eighteen to work at night was the increased expense they thought it might be, Marx was not hesitant to call it "cynical naiveté" and "mealy-mouthed phraseology." These are again value judgments, even if ethics is not appealed to directly.

At another place Marx refers to the Greek poet Antiparos, who hailed the waterwheel as an invention that would free female slaves; he is not slow to use this ancient account as a means of indicting his contemporaries in characteristically vitriolic terms:

Oh! those heathens! They understood, as the learned Bastiat, and before him the still wiser McCulloch have discovered, nothing of political economy and Christianity. They did not, for example, comprehend that machinery is the surest means of lengthening the working day. They perhaps excused the slavery of one on the ground that it was a means to the full development of another. But to preach slavery of the masses, in order that a few crude and half-educated parvenus, might become "eminent spinners," "extensive sausage-makers," and "influential shoe-black dealers," to do this, they lacked the bump of Christianity.⁹⁶

Then again, Marx mockingly asks his readers to admire capitalist justice, leaving in high case exclamation marks the implication that he would propose a different type of justice:

Admire this capitalistic justice! the owner of land, of houses, the business man, when expropriated by "improve-

ments" such as railroads, the building of new streets, etc., not only receives full indemnity. He must according to law, human and divine, be comforted for his enforced "abstinence" over and above this by a thumping profit. The labourer, with his wife and child and chattels, is thrown out into the street, and—if he crowds in too large numbers towards quarters of the town where the vestries insist on decency, he is prosecuted in the name of sanitation!⁹⁷

And at another point Marx does not say that he is omitting a discussion of the question of "the moral degradation caused by the capitalistic exploitation of women and children" because he considers such a treatment beyond the scope of his science, but rather that it has already "been so exhaustively depicted by F. Engels in his *Lage der Arbeitenden Klasse Englands*."⁹⁸

Jeremy Bentham is perhaps best known for his ethical canon, and, for Bentham, Marx reserves some of his most deeply purple adjectives, calling him "the arch-Philistine, Jeremy Bentham, that insipid, pedantic, leather-tongued oracle of the ordinary bourgeois intelligence of the nineteenth century."⁹⁹ All that in his major scientific work, *Capital*, and then, as if not satisfied, Marx appends a footnote in which he calls Bentham "a genius in the way of bourgeois stupidity."¹⁰⁰ The significant point is that Marx seems to be questioning Bentham's ethical norm, for he writes: "With the dryest naiveté he takes the modern shopkeeper, especially the English shopkeeper, as the normal man. Whatever is useful to this queer normal man, and to his world, is absolutely useful."¹⁰¹ Indeed, had Marx made none of his highly colored references, and notwithstanding the fact that he expressed it as his intention to be purely scientific, his idea of surplus value and exploitation could not be separated from its ethical implications. The judgment of Loucks and Hoot concerning this phase of Marxian economics is that

... the existence of surplus value is so inextricably tied up with the forces of production in a capitalistic order that if production is to take place surplus value must be realizable.

Since surplus value cannot be severed from the machinery of a capitalistic order, its ethical justness cannot be considered separately from that of the entire system of which it is an inherent part.¹⁰²

Still further, Marx appears to be employing more than economic standards when he describes the full Communist society in what sound like almost Utopian terms:

"In a higher phase of communist society, when the enslaving subordination of individuals in the division of labor has disappeared, and with it also the antagonism between mental and physical labor; when labor has become not only a means of living, but itself the first necessity of life, when, along with the all-around development of individuals the springs of social wealth are flowing more freely—it is only at that stage that it will be possible to pass *completely* beyond the horizon of bourgeois rights, and for society to inscribe on its banners: from each according to his ability; to each according to his needs." ¹⁰³

Marx is here setting up a criterion upon which to base distributive justice, and, in so doing, is squarely in the realm of ethics. Schmoller recognized this when he took issue with the Marxian norm of distribution:

Only a complete misconception therefore could establish individual needs as a standard of distributing justice. Older socialism wisely held aloof at all times from this aberration. . . . With his needs a man serves himself only; with his labor, his virtue, his accomplishments, he serves mankind, and these determine the judgment which esteems them as just.¹⁰⁴

The significance for this paper of Schmoller's contention does not lie in whether Marx's or Schmoller's viewpoint concerning ethics is the correct one, but rather in Schmoller's recognition of the fact that Marx is here dealing with a problem at once ethical and economic.

There are some authors who do not stop at setting forth the ethical content in Marx's expression of his economic ideas but

even find in Marxism a quality akin to that of religion. Schumpeter is among these when he writes:

In one important sense, Marxism is a religion. To the believer it presents, first, a system of ultimate ends that embody the meaning of life and are absolute standards by which to judge events and actions; and, secondly, a guide to these ends which implies a plan of salvation and the indication of the evil from which mankind or a chosen section of mankind is to be saved. We may specify still further: Marxist socialism belongs to that subgroup which promises paradise on this side of the grave.¹⁰⁵

Concerning this same point, Max Eastman says that the Marxists are acutely aware that they are not building their society in a world which is indifferent to them. He adds that the Marxists conceive of the road to the Communist society as a moving stairway hurrying them along to its eventual realization, but one on which their enemies are walking in the opposite direction. Eastman affirms that, "This is not a scientific, but, in the most technical sense, a religious conception of the world."¹⁰⁶ Karl Kautsky, who has been in the vanguard of interpreters of Marx, is Elysian in his contemplation of the ethical quality of the eventual Socialist society:

Socialism will abolish poverty and satiety and unnaturalness, make mankind joyful, appreciative of beauty, capable of happiness, and thereby it will bring freedom in scientific and artistic creation for all.

May we not expect that under such conditions a new type of mankind will arise which will be far superior to the higher types which culture has hitherto created? An over-man (*Uebermensch*), if you will, not as an exception but as a rule, an overman compared with his predecessors, but not as opposed to his comrades, a noble man who seeks his satisfaction not by being great among crippled dwarfs, but great among the great, happy among the happy—who does not draw his feelings of strength from the fact that he raises himself upon the bodies of the down-trodden, but because a union with his fellow-workers gives him courage to dare the attainment of

the highest tasks.

So we may expect that a realm of strength and of beauty will arise that will be worthy the ideal of our best and noblest thinkers. (sic)¹⁰⁷

The use of such terms as "overman," "ideals," "noblest," "realm of strength and of beauty," and their highly moral coloration must, of course, be noted.

It would, perhaps, not be an incorrect conclusion to sum up Marx's position as that of one who consciously considered ethics outside the scope of economics, but who, nevertheless, let it creep to a certain extent into his scientific work, and largely in his other writings. As Kautsky views it:

... even with Marx occasionally in his scientific research there breaks through the influence of a moral ideal. But he always endeavors and rightly to banish it where he can. Because the moral ideal becomes a source of error in science, when it takes it on itself to point out its aims. Science has only to do with the recognition of the necessary.¹⁰⁸

The question might be asked of Kautsky whether the realization of certain ethical principles may not be from the same sense necessary, but necessary from the viewpoint of another science.

In addition, Marx's ethics was not so much based on love of some of his fellowmen, as hatred of others of them. As Laski so adroitly expresses it: "Marx's absorption in the wrongs of the disinherited undoubtedly blinded him to the universality of human nature,"¹⁰⁹ although Laski does contend that, "At bottom, the main passion by which he was moved was the passion for justice."¹¹⁰ Flint concludes that Marx's spirit was that of the *Zeitgeist* of the Young Germany, "the spirit of a race of disillusioned men, without belief in God or unsensuous good; a hypercritical, cynical, and often scurrilous spirit. In passing into its latest or Germanic stage Socialism gained intellectually but lost morally."¹¹¹

Friedrich Engels (1820-1895)

The life-long friendship of Marx and Engels, and the latter's self-sacrificing service rendered to Marx, including Engels' editing the last two volumes of *Capital* after Marx's death, are all too well known to need any elaboration here. What Engels had to say about the boundaries between ethics and economics was substantially similar to what Marx himself held. However, Engels says it so definitely that it may be profitable to look at a few of the salient passages in which he expresses his views on the relationship (lack of relationship is the better term) between economics and moral science. In his preface to Marx's *Poverty of Philosophy* Engels very carefully points out that the application of the theory of Ricardo

... which shows to the workers that the totality of social production, which is their product, belongs to them because they are the only real producers, leads direct to Communism. But it is also, as Marx shows, false in form, economically speaking, because it is simply an application of morality to economy.¹¹²

Engels continues, pointing out that, according to the conception of the capitalist economy, the greater part of the product does not belong to the workers and warns that, if Socialists condemn that as "unjust" or say it "ought not to be," they are merely expressing personal moral sentiment since

... Marx has never based upon this his Communist conclusions, but rather upon the necessary overthrow of the capitalist system of production, which is developing itself under our eyes every day. He contents himself with saying that surplus-value consists of unpaid labor; it is a fact, pure and simple.¹¹³

Engels adds that if the masses continue to regard an economic fact, such as slavery, as unjust, this fact is a survival, and "other economic facts are established thanks to which the first has

become insupportable, intolerable." ¹¹⁴

In his *Anti-Dühring* (1878), which Alexander Gray styles as "for the most part a most dreadful book—fit only to be one of six books given to Hitler on a desert island, . . ." ¹¹⁵ Engels vigorously reiterates the Marxian conception of ethics as a product of the prevailing economic system:

We therefore reject every attempt to impose on us any moral dogma whatsoever as an eternal, ultimate and forever immutable moral law on the pretext that the moral world too has its permanent principles which transcend history and the differences between nations. We maintain on the contrary that all former moral theories are the product, in the last analysis, of the economic stage which society had reached at that particular epoch. ¹¹⁶

Engels admits that there has been moral progress but maintains that all morality is still class morality.

"A really human morality which transcends class antagonisms and their legacies in thought becomes possible only at a stage of society which has not only overcome class contradictions but has even forgotten them in practical life." ¹¹⁷ Following the above line of reasoning, Engels, in a rather Utopian vein, asserts that in a full Socialist society the "motive for stealing has been done away with," and "only lunatics would ever steal," hence, "Thou shalt not steal!" is not an eternal moral truth. ¹¹⁸

Now economic security and abundance, if achieved, may sharply reduce stealing, but that is a different thing from saying "only lunatics would ever steal," unless Engels meant (as, of course, he did not) that theft will have been so severely dealt with during the transition period of the dictatorship of the proletariat that the very memory of that era will render stealing negligible.

In his *Socialism—Utopian and Scientific* (1877) Engels contrasts the viewpoint of the old Socialists, who saw absolute truth and absolute justice in their own conceptions of society, with

that of Scientific Socialism, which views ethics as the outcome of the existing mode of production. He flatly rejects the idea of any supra-economic criteria controlling the realm of industrial activities. The causes of social change are to be sought "not in man's better insight into eternal truth and justice," and

... not in the *philosophy*, but in the *economics* of each particular epoch. The growing perception that existing social institutions are unreasonable and unjust, that reason has become unreason and right wrong, is only proof that in the modes of production and exchange changes have silently taken place, with which the social order, adapted to earlier economic conditions, is no longer in keeping.¹¹⁹

Those schools of thought which adhere to an "absolute" ethics, especially various religious groups, will ask, "if there are no absolute and immutable ethical principles, then why must the individual act in the interest of the working class? What is the sanction for so acting?" As John A. Ryan queries, "If the moral law be not an ordinance of God, or at least the categorical imperative of authoritative reason, how can it generate in any man conceptions of duty?"¹²⁰

Engels adds nothing new or original to the Marxian conception of the phase of the scope of economics with which this study deals; he does, however, state their mutual point of view so effectively and clearly that it provides Marx's readers with a double-assurance of "what Marx really meant."

Communist Conceptions

Nikolai Lenin (1870-1924)

No one regards Lenin as an economist, yet his personal influence on the Socialist movement and on world history has

been so great that some attention must be given to those of his writings in which he has something to say on the topic of the present essay.

In a speech delivered at the Third All-Russian Congress of the Young Communist League of the Soviet Union, October 2, 1920, Lenin denounces the bourgeoisie for having contended that the Communists have no ethics. He insists that it is only bourgeois ethics they repudiate, and reiterates in the strictly Marx-Engels tradition the idea of the subordination of ethics to economics:

We deny all morality taken from superhuman or non-class conceptions. We say that this is a deception, a swindle, a befogging of the minds of the workers and peasants in the interests of the landlords and capitalists.

We say that our morality is wholly subordinated to the interests of the class-struggle of the proletariat. We deduce our morality from the facts and needs of the class struggle . . . a morality taken from outside of human society does not exist for us; it is a fraud.¹²¹

Thus could Lenin write with ease, from his own viewpoint at least, "The scientific concept, dictatorship, means nothing more nor less than power which directly rests in violence, which is not limited by any law or any absolute rules. . . . Dictatorship means—note this once and for all, Messrs. Cadets—unlimited power, resting on violence and not on law." ¹²²

Contemporary Soviet Conceptions

Sidney and Beatrice Webb write that the moral code in Russia (1936) is still in a "transitional" and "experimental" stage. There has not been time for the principles of Communist ethics "to be either authoritatively proclaimed or universally accepted."¹²³ Nevertheless, work along these lines has been undertaken. As early as 1924, Krupskaya, Lenin's widow, at a Party Conference, asked for some definition and clarification of

the matter.

Emelyan Yaroslavsky, an old Bolshevik, member of the Politburo, member of the Central Control Commission, secretary of the Party Collegium, and president of the Society for the Militant Godless, has devoted much of his time and effort to explaining the principles of Communist ethics.¹²⁴ He is the author of *Party Ethics* (1924) and *Morals and Way of Life* (1926); neither of these books has been translated. Ella Winter, a not unsympathetic writer on this phase of the Russian experiment, quotes him as follows:

"We have a few very simple principles. The class struggle has always to be borne in mind; that is the chief point in our culture. If every person were aware that for him the interests of Party, of class, stand above all else, there would be no need to work out special communist ethics, because all communist ethics would be included in this."¹²⁵

Or again succinctly stating the Communist conception of the end justifying the means, Winter quotes Yaroslavsky: "What coincides with the interests of the Proletarian Revolution is ethical."¹²⁶

What may have appeared above as an extraneous excursion into ethics, pure and simple, has been necessitated by the fact that "Bolshevism is a philosophy in the strictest sense,"¹²⁷ not only an economic system. McFadden's work, *The Philosophy of Communism*, recognizes this, and he is especially succinct on the point when he writes: "Communism realizes that if its analysis of society is to be complete it must offer a truly Marxian explanation for the presence of these phenomena, religion and morality in society."¹²⁸

The really important point to be obtained from this review of contemporary Communist conceptions is the continuity¹²⁹ of these basic ideas regarding ethics and its dependence on economics running all the way through from Marx to Yaroslavsky and even Stalin, who in his *Problems of Leninism* cites these

fundamental concepts of Lenin to illustrate his own viewpoint. Since Bolshevism is more than an economic system, a complete philosophy of life, and since in the true Marxian spirit, for Communism, economic or class considerations are absolutes, it has appeared desirable to examine at least briefly the implications of Communist thought for the present dissertation.

Other Socialists

The Fabian Society is a group of English Socialists, formed in the late nineteenth century, who seek a "replacement of private capital by collective capital," and, with all the members of society collectively owning the instruments of production, "seek to carry on a co-operative organization of national work."¹³⁰ They are not for the most part Marxian in thought and have been dubbed Fabians because of the cautious, gradualist means by which they seek to achieve Socialism. Among the more well-known members of their group at one time or another were: H. G. Wells, G. B. Shaw, Sidney and Beatrice Webb, G. Wallas, Sydney Olivier, and J. R. MacDonald. Gide and Rist cite Fabian Tract No. 70 setting forth their objective as "the prompt reconstruction of society in accordance with the highest moral possibilities."¹³¹ Gray notes that the Fabians, "despite their later immersion in sewage, gas, and municipal politics, had, remotely, a somewhat other-worldly, ethical and mystical origin."¹³² Gray further points out that the movement really started as "a somewhat vague impulse to moral and ethical regeneration" and only later came to the conclusion that the necessary reconstruction of society must be patterned on a Socialist program.¹³³ In the *Fabian Essays in Socialism* (1889), edited by George Bernard Shaw, Sydney Olivier has an essay on "The Basis of Socialism: Moral." The Fabians may not be within the orbit of Marxism on other points, but concerning the conditioning of ethics by economics they are in agreement: "... Socialist morality, like

that of all preceding systems, is only that morality which the conditions of human existence have made necessary. . . ." ¹³⁴ The Fabians, too, in a highly positivistic vein not only eschew, but deny all ethics of the "absolute" type.

. . . we . . . renounce the right of appeal to that theologic habit of mind common to Socialists with other pious persons . . . positive ethical science knows nothing of natural and fundamental rights: it knows nothing of individual liberty, nothing of equality, nothing of underlying unity. ¹³⁵

But it would seem that, despite his renunciation of all absolute conceptions, Olivier does appeal to goals which have an ethical and eudaemonistic savor:

. . . the social revolution must be brought to its formal accomplishment through the conscious action of innumerable individuals seeking an avenue to rational and pleasant existence for themselves and for those whose happiness and freedom they desire as their own. ¹³⁶

Laidler recognizes a duality of ethics and economics in the Fabian thought system which goes perhaps farther than the Marxian viewpoint: ". . . according to the Fabians, social and industrial developments are leading to Socialism and at the same time sound economic and moral principles demand that the system of social ownership be substituted for the present industrial order." ¹³⁷ On the Continent a movement similar to Fabianism became popular at about the same time. It was the *Revisionist* movement of *Eduard Bernstein* (1850-1932) which represented a backing away from Marxism, in contrast to the Fabian movement which never really accepted Marxian Socialism. Bernstein held that the concept of exploitation was not sufficient for a scientific basis for socialism, and, of course, if the economic basis of Socialism is called into question, Socialism must be founded, then, in part on moral and ethical considerations. ¹³⁸

Syndicalism, a form of Socialism more akin to Proudhonian

anarchism than to the Marxian ideas, was expounded by *Georges Sorel* (1847-1922). Here, too, the ethical stress is met in a variant of Socialism, for "The moral culture of the working class . . . was uppermost in Sorel's mind," and "The moral regeneration of society . . . one of Sorel's main objectives. . . ." ¹³⁹ If there is to be any fundamental improvement in living and making a living, it must be based upon a "superior degree of moral culture" among the workers. They must be transformed into "puissants mécanismes de moralisation." ¹⁴⁰ The ethical element is indeed four-square here, circumscribing the economic content in the thought of this French anti-clerical Socialist.

Guild Socialism, an English movement, which numbers among its best-known proponents such men as G. D. H. Cole, A. J. Penty, R. H. Tawney, also sees the economic aspect of life as largely governed by ethical considerations. It seeks to revive the spirit, if not the complete structure, of the guild system. Democratically run guilds are to have full control of each industry. *Richard Henry Tawney* (1880-) in his major works stresses the moral, even religious, element in the shaping of economic systems; a characteristic passage from his *The Acquisitive Society* (1920) points up this aspect of industrial activities and summarizes his position:

Because its function is service, an industry has rights and duties towards the community, the abrogation of which involves privilege. Because its method is association, the different parties within it have rights and duties towards each other; and the neglect or perversion of these involves oppression. ¹⁴¹

And still further,

. . . there is a principle superior to the mechanical play of economic forces, which ought to determine the relative importance of different occupations, and thus to abandon the view that all riches, however, composed, are an end, and that all economic activity is equally justifiable. ¹⁴²

The ethical content of Socialism is too evident to need accentuation by way of summary and conclusion. No lengthy indication should be needed, either, to emphasize the further fact that the ethical viewpoint of Socialism is not one based on a conception of religious duty. Haney recapitulates the whole movement when he writes: "The Socialistic doctrine is connected with economic analysis but its chief bearing is an ethical one."¹⁴⁸

FOOTNOTES CHAPTER VII

1. Alexander Gray, *The Socialist Tradition*, p. 2.
2. Hector Denis, *Histoire des systèmes économiques*, Vol. I, p. 57.
3. Richard T. Ely, *Socialism and Social Reform*, p. 145. Boston: Thos. Y. Crowell and Co., 1894.
4. Oswald Spengler, *The Decline of the West*, Vol. I, p. 367.
5. George A. T. O'Brien, *An Essay on Medieval Economic Teaching*, p. 31.
6. Richard T. Ely, *French and German Socialism in Modern Times*, p. 30.
7. Lewis H. Haney, *History of Economic Thought*, pp. 425-426.
8. Alexander Gray, *op. cit.*, p. 156.
9. Charles Gide and Charles Rist, *A History of Economic Doctrines*, p. 196.
10. Cited, Ely, *op. cit.*, p. 65.
11. Gide and Rist, *op. cit.*, p. 220.
12. Cf. H. A. Larrabee, article, "Saint-Simon and Saint-Simonianism," *Encyclopedia of the Social Sciences*, Vol. XIII, p. 510.
13. Hector Denis, *op. cit.*, Vol. II, p. 393.
14. G. D. H. Cole, article, "Owen and Owenism," *Encyclopedia of the Social Sciences*, Vol. I, p. 519.
15. Cited, Gray, *op. cit.*, p. 210. From report to the County of Lanark (Everyman), p. 269.
16. *Ibid.*, p. 203. Cited from "A New View of Society," p. 20.
17. Robert Owen, *The Life of Robert Owen by Himself*, p. xiii.
18. ———, *A New View of Society*, p. 113.
19. Gray, *op. cit.*, p. 176.
20. Cited, *Ibid.*, p. 172, from "Oeuvres Complètes," Vol III, p. 272.
21. Cited, Richard T. Ely, *op. cit.*, p. 90.
22. Cited, W. N. Loucks and J. W. Hoot, *Comparative Economic Systems*, p. 90, from "Selections from the Works of Fourier," translated by Julia Franklin. London: Sonnenschein, 1901.
23. Anton Menger, *The Right to the Whole Produce of Labour*, p. 59. Tr. by M. E. Tanner, London: Macmillan and Co., Ltd., 1899.
24. Werner Stark, *The Ideal Foundations of Economic Thought*, p. 103.
25. Ely, *op. cit.*, p. 117.
26. Gray, *op. cit.*, p. 225.

27. *Ibid.*, p. 222.
28. Cited, Ely, *op. cit.*, p. 121, from "Histoire de la révolution de 1848," Vol. I, pp. 147-148.
29. Cited, *Ibid.*, pp. 117-118. Cf. "Droit au travail," pp. 9-10.
30. Eric Roll, *A History of Economic Thought*, p. 260.
31. Hector Denis, *Histoire des systèmes économiques et socialistes*, Vol. I, p. 39.
32. Max Beer, *An Inquiry into Physiocracy*, fn. p. 23.
33. Ely, *op. cit.*, p. 132.
34. Roll, *op. cit.*, p. 260.
35. Pierre J. Proudhon, *What is Property?*, p. 14.
36. *Ibid.*, p. 26.
37. Ely, *op. cit.*, pp. 141-142.
38. Cited, Gray, *op. cit.*, p. 242, from "De la justice dans la Révolution et dans l'église," Vol. I, p. 43.
39. *Loc. cit.*, Cited, *Ibid.*, Vol. I, p. 224.
40. Pierre J. Proudhon, *System of Economical Contradictions: Or, the Philosophy of Misery*, pp. 43-44.
41. *Ibid.*, p. 68.
42. Karl Marx, *The Poverty of Philosophy*, p. 195.
43. Cf. Gray, *op. cit.*, p. 241.
44. *Ibid.*, p. 242, from "De la justice," Vol. I, p. 236.
45. Pierre J. Proudhon, *What is Property?*, p. 259.
46. *Ibid.*, p. 261.
47. A. Salz, article, "Johann Karl Rodbertus," *Encyclopedia of the Social Sciences*, Vol. XIII, p. 414.
48. Charles Gide and Charles Rist, *A History of Economic Doctrines*, p. 414.
49. Cited, Gray, *op. cit.*, p. 346, from "Zur Beleuchtung der Sozialen Frage," Teil II, p. 20.
50. Friedrich Engels, Preface to Marx's *The Poverty of Philosophy*, p. 14.
51. Gray, *op. cit.*, p. 348.
52. Salz, *op. cit.*, p. 415.
53. Lewis Haney, *History of Economic Thought*, pp. 481-482.
54. John K. Ingram, article, "Ferdinand Lassalle," *Palgrave's Dictionary of Political Economy*, Vol. II, p. 568.
55. Alexander Gray, *The Socialist Tradition*, p. 342.
56. Ingram, *op. cit.*, p. 368.
57. Richard T. Ely, *French and German Socialism in Modern Times*, p. 195.
58. V. G. Simkhovitch, *Marxism versus Socialism*, p. 5.
59. *Ibid.*, p. 6.
60. Ludwig von Mises, *Socialism*, p. 395.
61. Karl Marx, *Capital*, fn. 2, pp. 96-97.
62. Simkhovitch, *op. cit.*, p. 281.
63. Karl Marx, *A Contribution to the Critique of Political Economy*, pp. 275-276.
64. Cf. H. Selsam, *Socialism and Ethics*, p. 46.
65. Karl Marx, *op. cit.*, p. 11.
66. R. Flint, *Socialism*, p. 372.
67. G. D. H. Cole, *Some Relations between Political and Economic Theory*, p. 59.
68. Karl Kautsky, *Ethics and the Materialist Conception of History*, p. 201.
69. Harold J. Laski, *Karl Marx*, pp. 45-46.

70. *Ibid.*, p. 29.
71. H. DeMan, *The Psychology of Socialism*, p. 126.
72. Morris Hillquit and John A. Ryan, *Socialism: Promise or Menace*, p. 146. (Citation from Ryan).
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74. ———, 8:20.
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CHAPTER VIII

HISTORISM AND MARGINISM

THE HISTORICAL AND Marginal Utility Schools of thought have little or no logical or doctrinal affinity; on the contrary, one of the leading scholars of the latter group, Carl Menger, devoted an entire work to the errors of the former (*Die Irrthümer des Historismus*, 1884). Yet no violence is done by treating the major Austrian and German streams of economic thought together, if only for purposes of contrast. They are, the one a product of the German universities, and the other primarily the work of professors at the University of Vienna; both are expressed in the Germanic idiom; both are contradictory to Classical doctrine, yet the position of each largely excludes that of the other; in fact, their very polarity of method and content renders them, in a sense, suitable for treatment within the confines of one chapter in the present inquiry.

The Historical School

Since this is not a general history of economic thought, there is no need to go into a lengthy discussion concerning the unique methodological ideas of the group of German economists known as the Historists. Haney offers a definition which presents a good summary of their distinct position. The Historical School, re-

ferred to in a very broad sense, is "a movement embracing all those economists who emphasize the relativity of laws and institutions, the inductive method of reasoning from concrete historical data, and the interrelations among human motives and among the other social sciences."¹ The highly deductive character of the earlier economics is rejected. Economics is conceived by the Historists not as an abstraction, but as a part of the whole *Kulturgeschichte*. Indeed, the Historical School was more than a little influenced in its basic idea by the German *Kultur* historians of the first half of the nineteenth century, and in its conception of the importance of the state by the philosophy of Hegel. The Historical School was divided into an older and a younger group; the older group led the attack, so to speak, and, outside the area of method, do not appear to have contributed too much of a positive nature to economics. The younger group, headed by Gustav Schmoller, sought a more positive application of their method through laborious special investigations.

There were economists of other nations who took the historical approach, especially among the English, but it is only among the Germans that Historism may be correctly spoken of as a "school." In fact, the German Historical School has the distinction of being the first systematic reaction against English Classicism.

The Historists took issue not only with the logical method of the so-called "orthodox" economics, but also sharply questioned its philosophical and ethical assumptions; it is this latter attribute which makes the school of especial interest to the central problem of the present survey. The historians of economic thought are expansive in their testimony concerning the rôle of the ethical factor in economics as conceived by the Historical School. John N. Keynes concisely indicated the ethical prepossession of the group when he wrote:

The school explicitly calls itself ethical; it regards political economy as having a high ethical task, and as concerned with

the most important problems of human life. The science is not merely to classify the motives that prompt economic activity; it must also weigh and compare their moral merit. It must determine a standard of the right production and distribution of wealth, such that the demands of justice and morality may be satisfied. It must set forth an ideal of economic development, having in view the intellectual and moral, as well as the merely material life. . . .²

Gustav Schmoller said of his predecessors, the early Historians:

"This movement was away from the abstraction, the individualism, the materialism and the narrow field of the classical economists and towards the study of economic life in the concrete, the organic conception of society, the recognition of the interdependence of all phases of social life, especially of the material and the moral and spiritual, and the inclusion of all facts of economic life within the scope of the science."³

O. Fred Boucke notes that "Historism took exception to the notion that a mere distinction between things as they are and things as they ought to be eliminated the latter out of the economist's program."⁴

The French historian of economic thought, René Gonnard, stresses in similar fashion the importance which moral and ethical facts had for the Historical School of economists. Underscoring the fact that the younger school went even farther in this direction than Roscher and the older group, he writes:

Non contente d'insister vigoureusement sur la nécessité d'accroître l'étude de l'élément moral en économie politique, de pénétrer l'économie politique, d'éthique, à la fois pour la comprendre et pour l'orienter, et de réagir ainsi contre l'amoralisme des classiques; non contente d'affirmer l'importance des rapports intimes entre l'économie politique et le droit positif, en conséquence du rejet de l'idée d'un droit abstrait naturel et rationnel; elle a adopté, au sujet des rapports de l'individu et de l'Etat, la thèse interventionniste, et l'a portée parfois jusqu'au socialisme d'Etat.⁵

Luigi Cossa records that the historical group make short work of the "liberal and cosmopolitan political economy, setting up in its place a theory based upon ethics. . . ." ⁶ John Rae, too, indicates the extent to which, as well as the insistence with which, ethics is allowed to enter economics according to the conception of the Historical School.

. . . by calling their method the *ethical* method, the historical school desire to repudiate the idea that in dealing with economic phenomena they are dealing with things which are morally indifferent, like the phenomena of physics, and that science has nothing to do with them but to explain them.⁷

Wilhelm Roscher (1817-1894)

Wilhelm Roscher, generally regarded as the founder of the German Historical School, does not appear, according to some authors at least, to have been as insistent or as explicit as his two confreres in their notions regarding the rôle of ethics in economics. Oncken asserts that

Of the two principal scientific questions, "what is?" and "what should be?," Roscher wishes to answer the former only. . . . Political economy in Roscher's sense would thus only "describe" and draw from historical parallels "threads of indication"—*Leitfaden*—leading up to the presumable economic movement of the future; he will neither criticise nor construct.⁸

John Rae supports this same contention concerning Roscher:

He says a political economist has to explain what is or has been, and not to show what ought to be; he quotes the saying of Dunoyer, *Je n'impose rien, je ne propose même rien, j'expose*; and states that what he has to do is to unfold the anatomy and psychology of social and national economy.⁹

Heimann carries this view farther by asserting that Roscher, Knies and Hildebrand kept on a plane of theory in their schol-

arly works even though they argued in their methodological discussions for the admission of the ethical viewpoint into economics.¹⁰

Thorstein Veblen, however, cautions his readers not to fail to notice the philosophic nature of Roscher's work.

... his air of depreciation as regards "philosophical" methods in economics must not be taken to mean that Roscher's own economic speculations were devoid of all philosophical or metaphysical basis. It only means that his philosophic postulates were different from those of the economists whom he discredits, and that they were regarded by him as self-evident.¹¹

That Roscher should have early exhibited a more or less traditional approach to the idea of maintaining a proper boundary between the two sciences is especially understandable when we consider among other things his youthfulness (twenty-six years of age) at the time of the publication of his *Grundriss zu Vorlesungen über die Staatswirtschaft nach geschichtlichen Methode* (1843). Even in this early work, while stressing the necessarily scientific character of the economist's task, Roscher manifests a duality of outlook. He does not eschew the question of a judgment on good and bad institutions but urges the need for first discovering cause and effect.

The historical method will not be quick either to praise or blame any economic institution absolutely, as indeed, it is certain that there have been few institutions that have been wholesome or harmful for all peoples and all stages of civilization. . . . On the contrary, it is a principal task of science to show how and why from reason has gradually arisen folly, from a benefaction, a curse.¹²

In his later work, *System der Volkswirtschaft* (1854) (Eng. tr. *Principles of Political Economy*, 2 vols., 1878), Roscher thinks it the concern of economics that wealth be honorably acquired and used well. In Section XXI, "What Political Economy Treats

Of," he wrote:

Political Economy treats chiefly of the material interests of nations. It inquires how the various wants of the people of a country, especially those of food, clothing, fuel, shelter, of the sexual instinct, etc., may be satisfied; how the satisfaction of these wants influences the aggregate national life. (Gospel of Matth. 4, 4.) This alone suffices to enable us to estimate the importance of the science. . . . From an economic point of view, the happiest man is he who has accumulated most honorably, and used it best.¹³

Not individual self-interest, but national and social criteria apply in economics as Roscher conceives it; and the science is important not alone from any sense of technical efficiency, but from wider considerations. If there was ever any doubt of Roscher's conception of economics as a normative science, his reference to Matt. 4:4—"Not in bread alone doth man live, etc.") completely dispels it. Twenty years later, in his *History of National Economy in Germany* (1874), his mature opinion is that the question is no longer ". . . what are the laws of political economy, but what ought they to be, not an inquiry into the principles which govern the accumulation of wealth, but as to what is man in his economic relations, what he does, what he wants, what he is to be." ¹⁴ Again, when considering utility, Roscher did not define it as anything having the capacity to satisfy a want; it was rather "something administering to wants socially warranted. A test was to be applied that a purely descriptive science had no room for." ¹⁵

Although Wilhelm Roscher may not have too frequently gone into complete discussions of the ethical implications of particular economic data found in his scholarly work, the oft-quoted aphorism of his regarding the goal of economics shows the ethical orientation he gave to the science: "Ausgangspunkt, wie Zielpunkt unserer wissenschaft ist der Mensch. . . ." ¹⁶

Finally, after his death, his son published a collection of

these aphorisms entitled *Geistliche Gedanken eines National-ökonomen* (1895).

Bruno Hildebrand (1812-1878)

Since the triumvirate known as the older Historical School worked in what was virtual collaboration, and since the agreement among them concerning the nature and scope of the science was large, if not complete as to more minute details, one expects to find in Hildebrand's thought a prominent ethical stress. As Gehrig affirms of Hildebrand in his article in the *Encyclopedia of the Social Sciences*, "He put ethical theories in the forefront of economic discussion. . . ." ¹⁷ It will be seen that he did not do so, however, to the extent of impairing or neglecting the scientific element therein. According to Bruno Hildebrand the economist was to be historical, statistical, ethical and practical. The method of a social science could never be identical with that of the physical sciences since Hildebrand

. . . conceived economics as a science of culture (Kulturwissenschaft) based on historical observation and statistical measurement, the purpose of which is to trace the actual course of economic development, to appraise it in the light of the ethical and cultural standards of the time and to point out ways and means of raising society to higher levels of development. ¹⁸

His principal work was *The National Economy of the Present and the Future* (1848). In it he finds as a defect of the school of Adam Smith the fact that they failed " 'to relate economy to the moral problems of the race. . . .' " ¹⁹ The German Liberals come off a little better in his judgment, but Hildebrand censures them nevertheless, because " 'they accorded to ethics not the slightest influence upon the science of political economy, but like Adam Smith built upon the supposition of an all-powerful private egotism. " ²⁰

The unique character of the historical "standpoint" as well as its persistence in the works of the members of the school is evidenced by Hildebrand's prefatory statement to his *Yearbook for National Economy and Statistics* (1863).

"The economy of nations is, like their language, literature, law, and art, a branch of their civilisation; like these other branches it moves within certain limits set by natural law; but within these limits it is a product of freedom and of the labour of the human spirit."²¹

Economics, for Hildebrand, was a science and as such had its purely scientific laws, but it dealt with human relationships and therefore had ethical implications.

Karl Knies (1821-1898)

Knies, like Hildebrand, brought a great deal of criticism to bear on the ethical implications of the assumption of self-interest as the singular motivating force of economic activity. He cited other motives, such as sense of duty, pity, benevolence, vanity, desire for glory, pleasure afforded by the work itself,²² justice, equity, and membership in community. According to Knies economic phenomena have no independent existence and can only be understood in relation to other social phenomena.²³ The failure to take these other factors into consideration in economic conduct will endanger the harmonious development of social life. The state is charged with the duty to intervene in economic life to protect the social interest, since it exists to promote the general welfare, both economically and ethically. This would include in our present terminology the maintenance of full production and balanced and fair distribution.²⁴

The ethical, even theological, quality of the work of Adam Müller will be recalled. In his *Political Economy from the Standpoint of the Historical Method* (1853) Knies takes the

occasion to agree with Müller in integrating the moral with the economic element.

"We may be well aware that some of Müller's conclusions were erroneous, and none the less be willing to follow him in the endeavour, . . . when we are making calculations about concrete material goods, . . . to avoid ignoring moral and political needs." ²⁵

Gustav Schmoller (1838-1917)

Gustav Schmoller did the most, perhaps, for the development of the historical method and at the same time was the most extreme in its presentation. In the whole general approach of the Historical School, but especially in the emphasis placed by Schmoller and the younger group on the importance of the creation of an almost endless series of monographs from which economic theory is to be shaped inductively, may be perceived a curious foreshadowing of Institutionalism.

While granting that Schmoller later abandoned the dislike for value-judgments which he had displayed in his earlier career, Suranyi-Unger decides that "his attitude to the whole problem remained somewhat vague and vacillating." ²⁶ Veblen's remarks on the position of ethics in Schmoller's economics are illuminating, even if they do seem to contain a trace of asperity. Veblen says that Schmoller (*Grundriss der allgemeinen Volkswirtschaftslehre*, Vol. I, 1900; Vol. II, 1904), while discussing questions of the history of institutions, "proceeds by the dry light of the scientific interest" as that term would be understood by modern physical or natural scientists. But as soon as Schmoller discusses a contemporary situation,

. . . so soon the scientific light breaks up into all colors of the rainbow, and the author becomes an eager and eloquent counselor, and argues the question of what ought to be and what modern society must do to be saved. The argument at this point loses the character of a genetic explanation of

phenomena and takes on the character of appeal and admonition, urged on grounds of expediency, of morality, of good taste, of hygiene, of political end, and even of religion.²⁷

Hans Gehrig finds that Schmoller "conceived of political economy as a normative science of society (Gesellschaftswissenschaft)" ²⁸ and that in his work he frequently substituted "teleological values for empirical explanation of cause." ²⁹ Gonnard substantiates these opinions on Schmoller's conception of the relationship between ethics and economics when he points out that from our author's viewpoint the economic system is in a great part determined by the moral factor, and that Schmoller desired that it should more and more conform to the principle of distributive justice.

Ces différentes idées sont d'ailleurs en liaison très logique: L'importance du facteur moral dans les questions économiques signifie pour Schmoller deux choses: 1^{er} que le système économique est en fait en grande partie déterminé par cet élément; 2^e qu'il est à désirer qu'il se conforme de plus en plus au principe de justice distributive. Toutes les activités individuelles ont, outre leur côté technique, un côté moral. . . .³⁰

In his *Ueber einige Grundfragen des Rechts und der Volkswirtschaft* (1875) Schmoller gives particular attention to the moral aspects of distribution. An essay along similar lines was *The Idea of Justice in Political Economy* (1894). With his emphasis on the inductive and historical method, no one could question Schmoller's appreciation of the scientific character of economics, but he wanted to go farther, since, as he says in this essay, "No great social or economic reform can conquer the sluggish resistance which opposes it by merely showing its utility. Only when it can be made to appear that what is demanded is the demand of justice, does it inflame and move the masses."³¹ It may well be asked whether moving the masses is the concern of scientists; Schmoller was one of those who today would argue that a scientist must be included in the decision as to what use is to be made

of his knowledge. The scientist has moral responsibility, or at least opportunities. The greatest nations, epochs, or men, according to Schmoller, are not those who merely increase production

... but those who with greater energy than others devote their services to the great moral ideas of humanity; they are those who succeed in propagating moral ideals and in introducing them more deeply than hitherto into the sphere of egoistic struggles for existence; they are those who on the field of economics succeed in securing and carrying through juster institutions.³²

The ethical element entered economics for Schmoller through "demand," which was largely representative of the human element and therefore a matter subject to ethical considerations. In the same essay on *The Idea of Justice in Political Economy*, Schmoller asks rhetorically whether supply and demand are blind forces and independent of human influences. His reply: "Demand and supply are summary terms for the magnitudes of opposing groups of human wills. The causes and conditions of these magnitudes are partly natural, mostly, however, human relations and powers, human deliberations and actions."³³ That human conduct is subject to ethical criteria need not be urged. Schmoller's conclusion is that, "If in the economic order we could recognize only the ruling of blind forces, of selfish interest, natural masses, and mechanical process, it would be a constant battle, a chaotic anarchy; it would present the 'bellum omnium contra omnes.'"³⁴ But such is not the case, since "... the conception of justice grows out of the necessary processes in our soul and necessarily influences economic life."³⁵

Schmoller's *Grundriss*, published comparatively close to the end of his long career, is his definitive contribution to economics. Early in Volume I of this work he gives a clear statement of the twofold view he took of economics: "Man kann die Volkswirtschaft als ein System natürlicher wie als ein System sittlicher

Kräfte betrachten; sie ist beides zugleich, je nach dem Standpunkte der Betrachtung." ³⁶

Gustav Schmoller's definition of the term "economy" bears out the contention that for him economic activity did not mean a series of discrete, atomistic individuals engaged in the struggle for a living in which each followed his own self-interest. Rather—

Nous comprenons par ce mot "économie" un cercle plus ou moins considérable de personnes unies qui, attachées entre elles par des liens psychiques, moraux et juridiques, se livrent à un travail économique avec d'autres ou les unes pour les autres ou pour d'autres. ³⁷

The chapter and section headings of the *Grundriss* are also interesting from the point of view of this study since they indicate the range and depth to which he allowed the moral element to enter into his chief scientific work. At one place he discusses "Acquisitive Impulses and the Economic Virtues"; at another, "The Nature of Morality, the Ethical Ordinances of Social Life, Custom, Justice and Morals"; at still a third, "The General Connection between Economic and Moral Life."

Ethical considerations, Schmoller contends, are necessary in economic life (and then in economic science which studies that life) in order that economic society will have the cohesiveness and order necessary to continue its maximal functioning.

La morale veut introduire cet ordre dans l'individu et la société; elle prétend éduquer l'individu, développer les sentiments de sympathie, réaliser la juste collaboration sociale. . . . Ce sont ces forces qui transforment les instincts en vertus, qui font des hommes des caractères, des sociétés des ensembles de forces harmoniques et agissant d'une manière ordonnée. ³⁸

It cannot be insisted upon too strongly that for Schmoller ethics was not just something on the fringe of economics; rather, it gave complexion and direction to economic life and hence had

to be recognized by economic science, especially an economic science which was historical.

Nous avons donc à établir brièvement à quelles espèces de système de morale, donne naissance la vie spirituelle des peuples civilisés; comment de ces systèmes de morale sortent certains grands idéals de vie pratique et certaines idées directrices; et de quelle nature sont ces idées et ces principes, qui ont dans les derniers siècles joué, dans la vie économique, un rôle décisif, quelquefois regrettable.³⁹

Schmoller was at pains to point out even in this scientific work that justice plays "un rôle prépondérant dans toute vue sociale et surtout dans l'économie politique."⁴⁰ It arises repeatedly in questions of exchange, payment of wages, and economic institutions. Finally, Schmoller even speaks of teleological considerations underlying all science and in a truly scientific spirit cautions that there must be no contradiction between such considerations and scientific facts. ". . . cette foi repose sur une connaissance empirique toujours plus exacte, qu'elle renferme toujours une science certaine, qu'elle ne soit jamais en contradiction avec la science."⁴¹

A few other German economists, whose major works appeared in the late nineteenth and early twentieth centuries, were directly or indirectly connected with the Historical School and allowed ethical and moral considerations an important bearing on their scientific work.

Adolph Wagner (1835-1917)

Wagner exhibits the general tendency of the Historists to seek the inclusion of normative elements in economics. In an address delivered at the Evangelical Free Churchmen's Assembly in Berlin, October 12, 1871, he urged:

"Political economy must again partake rather of the character of an ethical science in order to be able properly to handle the social question. . . . I wish to stress the moral and therefore Christian obligations which wealth, education, and social position impose, even in dealing with the social question from the economic standpoint. . . ." ⁴²

Adolph Wagner's main work is his *Handbuch der Politischen Oekonomie*; the first volume, *Grundlagen der Volkswirtschaft* (2d ed., 1879; 3d ed., 1892), embodies his basic economic ideas. In it he holds that individualist political economy (his term) did not show enough respect for the principle of equality, while Socialism neglected liberty. He wanted to build a science which would include both ideas in proper balance.⁴³ In so attempting, he integrated the moral element with the economic, saying that

... la conception de l'économie et du droit social cherche à concilier l'idéalisme et le réalisme; elle prend l'homme tel qu'il est, mais aussi tel qu'il peut devenir, susceptible de se développer psychiquement et moralement, tout en restant homme, sans devenir ni ange, ni démon.⁴⁴

In the *Grundlagen* Wagner also discusses various economic motives including one so highly ethical in content as "Mobile Non Egoïste ou 5^e Mobile Directeur—Loi Morale intérieure, sentiment du devoir et crainte des reproches intérieurs (remords de conscience)." ⁴⁵ This motive he identified as a categorical imperative. At another place is treated the question, "Comment Se Présentent et Se Justifient Ces Modes D'Acquisition." ⁴⁶ All this he did not consider anti-scientific, rather; "En un mot: Si la morale s'introduisait dans la vie économique, celle-ci en tirerait un immense avantage même économique." ⁴⁷ He treats ethical aspects himself and thinks that the true political economist must do so in opposition to individualist conceptions.

"... the political economist may stress the fact that wealth is justly to be regarded as a talent given in trust ac-

according to the beautiful Christian conception. . . . We must employ our wealth not only in our own interest but in that of our fellow men, and we are responsible to God and our conscience for so employing it. . . ."⁴⁸

Wagner explained that Schmoller attached more importance both to custom and to ethics than did he, but added "nous ne différons que sur le plus ou le moins et non sur les principes."⁴⁹

The ethics of Wagner was not a religious ethics since he thought that the stamp of religion had had only mediocre influence on economic life, and that economic life⁵⁰ could be made moral without religion.

La vie économique peut donc devenir morale, la conscience peut devenir *plus scrupuleuse* en ce qui concerne les actions économiques licites ou illicites, justes ou injustes, indépendamment de toute idée religieuse, et le cas se présente chez certains individus.⁵¹

Certain individuals may be quite moral under such conditions as Wagner describes, but that is not to say any great number would be. The whole point need not be argued here; it is sufficient to say that there is a considerable body of ethical opinion to the contrary. What would be the sanction for such an economic-ethics is the chief problem which confronts it. As George Washington stated it:

And let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle.⁵²

Wagner himself is a case in point; although he made strong argument for the relevancy of moral principles in economics, his personal ethics seems to have been curiously lacking in any sort of universality of application, since, as Carleton Hayes re-

marks, he "punctuated constant campaigning in behalf of economic nationalism with forays against Jews, Catholics, Poles, Frenchmen, and any other group, domestic or foreign, that he deemed dangerous to Germany's unity and might."⁵³

Gustav Cohn (1840-1919)

The ethical element in economics was made an *espécial forte* of this Historical economist, especially in his controversy with Max Weber on the point. Devas states that "Gustav Cohn warned us that we cannot separate *das Seindes* from *das Sein-sollendes* any more than the waters of a running stream."⁵⁴ In his *System of National Economy* (1885) Cohn contended that "the opinion that the doctrine of value is, as it were, the sure stronghold of certain truth, lifting economics as an exact science above the changing rules of human conduct, and making a clear distinction between Economics and Ethics, is simply a huge mistake."⁵⁵

Following out the same line of thought, in his *History of Political Economy* (American ed., 1894), Cohn opposes those who question the inclusion of the moral element in economics, saying: "It is a significant fact that indignation was aroused because political economy was said to be an ethical science. I was reproached for being the first one to say so (in a lecture at Heidelberg in 1869) which shows how scientific this indignation was."⁵⁶

Werner Sombart (1863-1941)

Although he sharply dissented from the younger Historical School on the ethical question, Werner Sombart may be broadly considered as within the historical tradition. It was at the Vienna Congress of the *Verein für Sozialpolitik* in 1909 that the famous debate took place in which Weber and Sombart joined against

the other Historians and insisted that no ethical conceptions be allowed in economics since these would impair its impartial and exact character as a science.⁵⁷ Because Schmiller's *Jahrbuch* usually made judgments of an ethical nature, at least by implication, Sombart rarely wrote for it.⁵⁸

But, having rejected the ethical element in pure economic science, Werner Sombart does not go to the opposite extreme to erect science itself into a norm, and in his *Weltanschauung, Science and Economy* (German ed., 1938) is critical of science for having usurped the place of transcendental knowledge.

"Today we see through this mental aberration. We know that science will never help us to discover 'what really holds the universe together.' (*was die Welt im Innersten zusammenhält*—Goethe.)"⁵⁹ Sombart maintains that the influence of the *Weltanschauung* on Science must not be overlooked since "... all modern science is conditioned; for science is the outgrowth of a particular *Weltanschauung* which has developed gradually since the decay of European culture at the end of the Middle Ages. . . ." ⁶⁰ It was not detrimental, according to Sombart, for science to be attached to *Weltanschauung* so long as the scientific conclusions are not thereby affected; otherwise it is harmful.⁶¹ But does not ethics slip into economics at this point for Sombart? If the *Weltanschauung* conditions the economy, and economics is the study of the economy, will not the economist have to make some value judgments? The question again arises, who can best make value judgments about the economy, even admitting that they should not be made by the economist *qua* economist? The fatal sting comes, however, when it is realized that, according to Sombart, one value judgment is as good as another and equally insusceptible of proof.

The following is true of all "value judgments"; they comprise only "relatively true knowledge"; relative, that is to the knower. And no one can force others by the processes of reason to believe in these "truths."

Values are propagated—entirely irrationally—by the incalculable force of personality.⁶²

Small wonder, then, that his final work, *Deutscher Sozialismus* (1934), could defend National Socialism.⁶³ Rogin speaks of Sombart's couching part of this argument "in terms of a polemical impulse which explicitly abandons the ground of 'value-free' science. . . ." ⁶⁴

Sombart does not think, however, that economics may be treated as a natural science; that was the error of the earlier schools. It is a "spiritual science" (*Geistwissenschaft*). He opposes his concept of *verstehende* economic science to that of the older economics which he styles *ordnende* economic science. The *ordnende* economic science failed completely for the reasons that:

1. The free will of man makes any ascertainment of regularity impossible.
2. The "matter," in which it was thought that regularity could be found, does not exist.
3. The spiritual facts which form the contents of all economy are complex and cannot be resolved into elemental parts.⁶⁵

This last distinction of Sombart's, instead of purging economics of any ethical content, would appear to remove economics from the category of pure science. In fact, Sombart even advocates an intuitive method for the *verstehende* sciences. We "understand" the world of culture, we have insight into the "sense" of it, we know it "inwardly." ⁶⁶ Sombart recognized the historical existence of a normative type of economics (the system of Aquinas) to which he gave the name "normative-teleologic" in distinction from the "natural-scientific" type of the Classical and other schools, and his own "culture-scientific" system.

By avoiding what amounted to almost a methodological morass, we come to the substance of the matter, which is that Sombart finally recognized three aspects to the whole study of

economy: the philosophy of economics, economics the science, and applied economics the art,⁶⁷ and for the sake of scientific accuracy wanted to keep them fairly well separated. The writing of a philosophy of economics he considered a uniquely difficult task; the man who would attempt it must be a philosopher and an economist of first standing; in Sombart's estimation the only man who could have done so was Max Weber.⁶⁸

Verein für Socialpolitik

The famous Eisenach Congress (1872), attended by most of the leading members of the older and younger Historical schools, resulted in the formation of the *Verein für Socialpolitik*. It is significant here because it represented the ethical conceptions of the Historists, which impelled them to a positive program of action. Through the *Verein* they promoted divers types of socio-economic reform, trade unions, insurance societies, savings banks, and fostered legislation dealing with the hours of labor, housing, the effects of cyclical fluctuations, etc.⁶⁹ The important feature of the whole movement was the ethical stamp it gave to the state. The members of the *Verein* thought it to be a moral person, something sacred and divine, "holding that it arises out of the essential characteristics of the human nature given us by God."⁷⁰ In fact, the Manifesto of the Eisenach Congress spoke of the state as a "great moral institution for the education of humanity."⁷¹ According to Ingram, Schmoller held this idea to such an extent that in reality he was transferring to the state "the functions of the Church."⁷² Thus they were named Professorial Socialists or Socialists of the Chair (*Kathedersozialisten*), but, of course, they have neither logical nor doctrinal affinity with true Socialism. Schmoller explained this unusual action on the part of a large group of university professors as follows:

"We preach neither the upsetting of science nor the overthrow of the existing social order, and we protest against all socialistic experiments. But we do not wish, out of respect for abstract principles, to allow the most crying abuses to become daily worse, and to permit so-called freedom of contract to end in the actual exploitation of the laborer. We demand that it (the state) should concern itself, in an altogether new spirit, with his instruction and training, and should see that labor is not conducted under conditions which must have for their inevitable effect the degradation of the laborer." ⁷³

It must always be remembered that the Historists did not confuse science with art, but contended that science has a duty "to observe the results of measures and to judge by rational standards." ⁷⁴ Alfred Marshall's gracious conclusion on the work of the German Historical School was: "It has done more than almost anything else to broaden our ideas, to increase our knowledge of ourselves, and to help us to understand the evolution of man's moral and social life, and of the Divine Principle of which it is an embodiment." ⁷⁵

The Historical Viewpoint in England

There was no formal Historical School of political economy outside Germany, nor were the men next to be treated in any way members of the German School. There were, however, economists in England who worked from the historical standpoint, and who, accepting the historical premises, allowed ethical considerations a rather important latitude in their economics. Some reference must be made to their thought in so far as it pertains to the subject of the present essay.

T. E. Cliffe Leslie (1825?-1882), instructor in Political Economy at Trinity College, Dublin, first published his *Essays in Political and Moral Philosophy* in 1879; a second edition (1888), entitled *Essays in Political Economy*, found seven new economic essays replacing some which were of a political nature

in the earlier edition. Early in the work, Leslie urges the economists to broaden the base of their subject matter, saying, "To political economists, on the other hand, we venture to suggest the cultivation of a department of the philosophy of riches which has never been scientifically investigated."⁷⁶ In one of these essays, entitled "On the Philosophical Method of Political Economy," Leslie maintained that "the philosophical method must be historical, and must trace the connection between the economical and the other phases of national history." The nature and causes of the wealth of nations "must be sought in the entire state of society, physical, moral, intellectual and civil." Distribution is not merely the result of exchange, "but also of moral, religious, and family ideas and sentiments."⁷⁷ "What are called economical forces are not only connected, but are identical with forces which are also moral and intellectual."⁷⁸ The philosophical method of political economy must expound all these phases in the evolution of economic society to its present form, if it would truly explain that society. Illustrating this course of reasoning, Leslie observed that

... one need only allude to the influence of medieval religion on both the forms and the distribution of the wealth of the community, the changes in both with the change in religion after the Reformation, in proof of the impotence of the *a priori* method to guide the economist in relation to this class of agencies.⁷⁹

Walter Bagehot (1826-1877) in accordance with the historical viewpoint stressed the idea of evolution in connection with the true understanding of social science. But concerning the question of ethics and economics, his views were more closely akin to those of Ricardian Classicism than to those of any Historist. He was quite well aware that non-economic factors (especially philosophical and ethical) affected economic life, but these were not the business of the economist, since they concerned the student of those other disciplines.

Why do men want so many things is a great subject for inquiry. Which of them it would be wise to want less of—are also great subjects equally fit. But with these subjects Political Economy does not deal at all; it leaves the first to the metaphysician, who has to explain, if he can, the origin and the order of human wants; and the second to the moralist, who is to decide, to the best of his ability, which of these tastes are to be encouraged, and when—which to be discouraged and when. The only peculiarity of wealth with which the economist is concerned is its *differentia specifica*—that which makes it wealth.⁸⁰

Bagehot, a banker as well as a student, held economics down to a science of business and sought a reconciliation of the abstract and deductive methods with the historical, rather than an elimination of the former.

John Kells Ingram (1824-1907), another professor at Trinity College, Dublin, had such a wide conception of economics that he fused it with the general science of society. Ingram was Comtean in this regard, as well as in his acceptance of the general positivistic philosophy, including an adherence to the Religion of Humanity.⁸¹ On the particular problem investigated by this study Ingram asserted that "Economics must be constantly regarded as forming only one department of the larger science of sociology, in vital connection with its other departments, and with the moral synthesis which is the crown of the whole intellectual system."⁸² The idea of the necessity of keeping "in view the high moral issues to which the economic movement is subservient,"⁸³ permeates Ingram's whole approach to economics. "The solution, indeed, must be at all times largely a moral one; it is the spiritual rather than the temporal power that is the natural agency for redressing or mitigating most of the evils associated with industrial life."⁸⁴ Ingram thought that the growing extension of the state beyond its normal sphere for the preservation of social equity had been caused by the religious differences which had weakened the influence of the churches as a force for vitalizing the social order. Ingram con-

sidered social legislation of much less importance than the formation "of profound convictions as to social duties, and some more effective mode than at present of diffusing, maintaining, and applying those convictions." The only parties who were moving in the right direction according to Ingram were those who aimed "at the restoration of the old spiritual power, or, . . . at the formation of a new one."⁸⁵

Richards, the translator of *A History of Economic Doctrines* by Gide and Rist, arrives at the conclusion that "Most critics are by this time agreed that Ingram's work, lucid and learned though it is, is somewhat marred by being written too exclusively from the standpoint of a Positivist philosopher. . . ."⁸⁶

William Cunningham (1849-1919), professor of economic history at Cambridge, taught that economics must be studied as a science of relationships between exchanges of things, and not from the viewpoint of its effects on people. He makes an analogy here regarding the study of astronomy, saying that, when we studied the influence of the stars on man, we got nowhere; only when studying their relationships to each another was progress possible. So, too, must the method be in economics.

It would be impossible even to discuss such burning questions as the unearned increment from land, or to attempt to measure the fall in purchasing power of money, unless the lines had been laid down on which economic phenomena could be studied as relations of exchange between things.⁸⁷

Cunningham recognizes the need for something more than science to rule economic life but wants to rule out extra-economic considerations for purposes of scientific study. When questions of economic welfare, art, or policy arise, the "mutual relations of human beings" become an important consideration.

If we are to aim at promoting human welfare, we must beware of neglecting any element that ought to be taken into account; we must not confine ourselves to the consideration

of the interests and opportunities of the individuals, but must look at the community as a whole. The habit of mind which is characteristic of religion is needed as a corrective to the limitations of the scientific standpoint, and in order to enable us to keep the thought of humanity as a whole in the forefront.⁸⁸

Cunningham does not say whether this "correction" of the scientific viewpoint is to be done by the economist or the politician. The distinguishing factor in his conception is that after properly delimiting economics as a scientific study, he recognizes that some conscious attention must be given to the more-than-economic considerations when a question of economic welfare is involved.

By virtue of his dynamic personality, vital Christian spirit and intellectual ability, *Arnold Toynbee* (1852-1883) had already firmly fixed his name in the history of economic thought when he passed away at the early age of thirty-one. His thought was only beginning to mature, but it may perhaps be safely said that very few economists had achieved such a permanent status so early in their careers.

"Toynbee combined an ethical and religious attitude with the historical approach to economics."⁸⁹ The personal moral influence he exercised while at Oxford has become traditional.⁹⁰ Montague goes so far as to assert of Toynbee that "the spirit of charity made him a political economist."⁹¹

Toynbee conceived of economics as a bilateral science, having both a theoretical and a practical side, each of which must receive proper attention.

It is true that writers like Cairnes have striven to make it clear that the laws of economics are as distinct as possible from rules of action, that Political Economy is "neutral." But they forget that the laws of Political Economy are converted into rules by sheer force of necessity, and that the mainte-

nance of this neutrality is practically impossible. Some answer must be given to the pressing questions of the day, and if Political Economy did not lay down rules and become a practical science, journalism would. And, as a matter of fact, while affecting the reserved and serious air of students, political economists have all the time been found brawling in the market-place.⁹²

For Toynbee, "Morality must be united with economics as a practical science."⁹³ The two aspects, practical and theoretical, are complementary, not contradictory.

Toynbee's ethics was theological in character; all moral action implied an end, God, and permanence of relations—immortality, as logical premises for its existence.⁹⁴

In addition to his study and writing, Toynbee was untiring in his efforts for social reform, making frequent addresses to labor unions, engaging in settlement work, etc.

The Marginal Utility School

Three professors of the University of Vienna constitute the main body of the Austrian Marginal School. They are Carl Menger, his son-in-law, Friedrich von Wieser, and Wieser's brother-in-law, Eugen von Böhm-Bawerk. There were other economists who arrived independently at economic doctrines similar to those of the Austrians; since these men may also be styled Marginists, their thought will be briefly examined. Among the latter were William Stanley Jevons in England, William Smart in Scotland, and Léon Walras, professor at Lausanne. By the marginal utility theory is, of course, meant that principle which explains economic value as being determined by the utility of the last (marginal) unit of a supply of goods. This is true because all units of any supply of goods are interchangeable for the last one and hence can at any given time have no greater value than it has.

There is probably no school in the entire history of economics which exceeds, and very few which equal the Marginists in their avowed intention to exclude from economics all considerations of ethics. This is, of course, with due allowance being made for exceptions and occasional lapses from stated position with regard to the relation of ethics to economics. They did not conceive of economics in this way because of any lack of respect for high moral goals, but for fear of introducing confusion, error, and lack of exactitude into the science. "The main point to be noticed, then, is the unwillingness of Marginists to identify social science with a theory of ethics, and this in spite of their sincere desire to make economics useful for the population at large." ⁹⁵ Böhm-Bawerk himself states that "The province of the Austrian economists is theory in the strict sense of the word." ⁹⁶ Stark is somewhat less sanguine, when he characterizes "the attitude of Jevons and Menger" as "purely positivistic, or to use the term which the self-love of devoted disciples had made fashionable, purely scientific." ⁹⁷ Espousing a form of the labor theory of value, Cole expresses chagrin at the discarding of this theory in favor of what he considers a far too narrow conception of economics. "Political Economy became 'Business Economics,' and the way was opened, via the Jevonians and the Austrian subjectivists, for a mere 'Science of Prices' instead of an attempt to understand the principles governing the wealth of nations." ⁹⁸

Carl Menger (1840-1921)

The distinguished founder of the Austrian school completely "shut out ethics from economics without hesitancy." ⁹⁹ Although admitting the existence of moral facts in economic data, the former, according to Menger, defied measurement and had best be ignored.

The Untersuchungen über die Methode der Socialwissen-

schaften und der Politischen Oekonomie insbesondere (1883), as the title suggests, presents the author's viewpoint on the general question of methodology, and Appendix IX of the same treatise (Ueber die sogenannte ethische Richtung der Politischen Oekonomie) contains the greater part of Menger's reasoning behind his rigid exclusion of ethics from economics.

Menger distinguishes between an ethical aim or goal for the economy and ethical judgment of socio-economic congeries. The *starting point* of economics is goods, and its *goal* is the satisfaction of wants "by means of the transformation and manipulation of these goods";¹⁰⁰ therefore, an ethical aim for either theoretical or practical economics is rejected.

Eine "ethische Richtung der exacten Nationalökonomie" kann demnach keineswegs etwa den Sinn haben, uns zugleich das exacte Verständniss der ethischen und der wirthschaftlichen Seite des Volkslebens eröffnen, also die Aufgaben der Ethik und Oekonomie mit einander vereinigen zu wollen. Die Forderung einer ethischen Richtung der exacten Volkswirthschaftslehre könnte nur besagen, dass diese letztere uns nicht schlechthin die ökonomischen, sondern die von ethischen Tendenzen beeinflussten, oder aber gar nur die den Ansprüchen der Ethik conformen wirtschaftlichen Erscheinungen zum exacten Verständniss zu bringen habe—ein Postulat der Forschung, welches indess, wie kaum bemerkt zu werden braucht, dem Wesen der obigen Richtung der theoretischen Forschung schlechterdings widerspricht.¹⁰¹

An ethical goal is equally impossible in the field of practical economics. "Eben so unangemessen ist die Idee einer ethischen Richtung der empirisch-realistischen Theorie der Volkswirtschaft."¹⁰² For both aspects of economics, the theoretical and the practical, an ethical aim is a meaningless postulate.

Die sog. "ethische Richtung" der Politischen Oekonomie ist demnach sowohl in Rücksicht auf die theoretischen als auch auf die praktischen Aufgaben der letzteren ein dunkles, jedes tieferen Sinnes entbehrendes Postulat, eine Verirrung der Forschung . . . eine ethische Richtung der Oekonomie ist

indess ein Gedanke, der keine höhere Berechtigung, als etwa jener einer ökonomischen Richtung der Ethik, aufweist.¹⁰³

Moral aims or goals having been ruled out for the economy, Menger renders the abstraction of ethics from economics even more conclusive by excluding ethical judgments on particular phenomena from economic science.

Manche volkswirtschaftliche Schriftsteller suchen die ethische Richtung der theoretischen Nationalökonomie darin, dass sie die Erscheinungen der Volkswirtschaft unter dem Gesichtspunkte der Moral betrachten, also z. B. untersuchen, welche Güter vom Standpunkte der letzteren als solche, das ist als, "wahre" Güter, anerkannt werden dürfen, welche Preise, Capitalzinsen u.s.f. als moralisch verwerflich zu bezeichnen seien u.dgl. m. Hierin liegt indess, wie wohl kaum bemerkt zu werden braucht, keine ethische Richtung der national-ökonomischen Forschung, sondern ein moralisches Urtheil über einzelne Erscheinungen der Volkswirtschaft, welches die Ergebnisse der theoretischen Forschung auf dem Gebiete der Volkswirtschaft in keiner Weise zu tangiren vermag.¹⁰⁴

Menger is so direct and so conclusive upon the necessity for the exclusion of ethics that it is not difficult to state his position, nor should it need further amplification. One concluding point may be added; that is, he did not deny the existence of ethical implications in economic phenomena, but thought these had to be treated by ethics rather than by economics. He is suspicious of those who appeal to other-than-economic factors, believing that they often do so because of insufficient ability to produce solutions in their own field, or because of a desire to arrive at a particular type of answer.

Es ist ein nahezu typisches Merkmal jener, welche für die Lösung der Probleme ihrer Wissenschaft unzureichende Kräfte aufweisen, durch Heranziehung der Ergebnisse anderer Wissenschaften und mechanische Verwerthung derselben zu befriedigenden Lösungen auf dem eigenen Gebiete der Forschung gelangen zu wollen.¹⁰⁵

Friedrich von Wieser (1851-1926)

Professor Wieser stands in the middle of the Austrian trinity from the point of time, and when reading his works and the commentaries on them by the historians of economics, one gets the impression that in Wieser, in a sense, is found the quintessence of the Austrian spirit and doctrine. Bearing in mind Menger's unique position and contribution, some significance may perhaps be seen in Professor Smart's choosing "*Wieser's Natural Value* for translation in preference to Menger's *Grundsätze*." ¹⁰⁶

In treating the question of value Wieser sought a strictly empirical method and shunned the introduction of ethical considerations. When discussing, for instance, the fact that the rich are allowed to accumulate their fortunes and are then taxed accordingly, he sees two different purposes in this procedure, "purposes in which personal freedom demands different scope," but avoids going beyond the economic terms of the discussion, saying, "We could not follow out this line of thought without leaving the sphere of the theory of value, and trespassing into, the wide sphere of economic justice and economic philosophy." ¹⁰⁷ Wieser concludes his *Natural Value* (1889) by referring to "the intention which has dominated me throughout the whole work, and in every part of it,—the intention to be, in the best sense of the word, empirical." ¹⁰⁸ In so far as he could judge his own work, he thought he had conformed to this standard, the only liberty taken being that of omitting consideration of facts of whose activity there could be no doubt—"the actual imperfections of valuation, the individualism of our economy, and, finally, the inequality of wealth." ¹⁰⁹

While Wieser's method may facilitate the logical consistency and systematic neatness of his theory, the economist of a generation or two later wonders whether the facts omitted by Wieser are not vital even from an economic point of view alone.

And when explaining the process of valuation in an economy in which there are the "actual imperfections of valuation" of which Wieser speaks, who is to treat of these, the economist or the social philosopher? Is the economist to sit by and say nothing about these imperfections? The political official in his shaping of economic policy will have to be guided by the economist, therefore the realistic economist will sooner or later have to come to grips with "imperfections of valuation, the individualism of our economy, and, finally, the inequality of wealth." This is not to deny, of course, that it may be necessary with a view to exactitude to develop first a body of purely scientific knowledge on any economic question.

Wieser's *Theory of Social Economics* (1914) constituted the mature conclusions of a lifetime of teaching and study and has great claim to being the principal work of the school. Wesley C. Mitchell declares it to be comparable in position among the Austrians to J. S. Mill's *Principles* among the Classical theorists. "It sums up, systematizes, and extends the doctrines developed by the founder of the school, the author, and his fellow workers."¹¹⁰ In Mitchell's opinion, even this comparison gives less than justice to Wieser, since the latter's work was the first systematic treatment of economic theory in the whole from the Austrian viewpoint, while Mill had several earlier guideposts to follow.

In this treatise Wieser reasserts his earlier conception of the method of economics. "The method of economic theory is empirical. It is supported by observation and has but one aim, which is to describe actuality."¹¹¹ The author adopts a most curious device of using two sizes of type in this work; in the larger type, for the most part, the pure theory wends its rigorous and undeviating way; often in the small type, however, the bright sun of social philosophy is allowed to shine through, leading to some rather warm judgments with regard to "justice," "principles of right reason," "freedom," and "restrictions on

freedom." Wieser's translator declares that "many of the best passages are found in these sections where the author throws aside the logical drive of his main argument and rests by the wayside."¹¹² In one of these small type passages we learn, rather surprisingly in view of the rigid delimitations made only four pages earlier, that economic theory

... should appraise both the lights and the shadows. It should discern the community of interests, but no less should it recognize power, the conflict of motives and the economic evil. It should furnish a sound theoretical basis for freedom and also for restrictions on freedom.¹¹³

Later on, in a small type passage, Wieser finds that a system which unequally distributes income may be better for the masses of the citizens than one which yields a much smaller income, but divides it more equitably.¹¹⁴ However, that the state should intervene "for the protection of the common interest against the despotic powers of capitalism, requires no further proof."¹¹⁵ Justice is a strong impulse here, but also egoism; the state must promote justice and the common welfare if it expects to survive. Without descending to smaller type, Wieser, at another point, adjudges monopolistic practices as "offences against the social spirit of economy; they displace, at the expense of the public and in favor of the capitalistic despots, the distribution of incomes and property."¹¹⁶ Needless to say, justification of state intervention, the use of such phrases as "capitalistic despots," and "offences against the social spirit," do more than "describe actuality."

Ferguson's conclusion that this volume, at least, is "another in that long line of economic epics which have grappled with phenomena both from the viewpoint of what is and what ought to be in the realm of economic behavior,"¹¹⁷ not only concisely, but correctly, states the case about this mature and definitive contribution made by Wieser relatively close to the end of his career.

Eugene von Böhm-Bawerk (1851-1914)

Böhm-Bawerk's major efforts were concentrated on the study of the theory of capital and interest. The first work, *Capital and Interest* (1884), published while Böhm-Bawerk was still a young man, presented a critical history of the entire theory of capital and interest. With characteristic German thoroughness the introductory essay presents a closely reasoned treatment of what he considers the necessary method with which to approach his problem. Distinction is made between the theoretical problem of interest, which asks, "why there *is* interest on capital," and the social and political problem which inquires "whether there *should* be interest on capital—whether it is just, fair, useful, good. . . ." ¹¹⁸ The two problems are "fundamentally distinct and should be kept sharply apart in scientific investigation." ¹¹⁹ Böhm-Bawerk takes full cognizance of the close relationship between them but insists that before we can solve the second, we must answer the first, namely, what is the nature of interest? The results will have to be brought together, but that "does not justify us in confusing the investigations," which . . . "will, in fact, endanger the correct solution of either problem. . . ." ¹²⁰ Confusion will be the certain result from treating the two problems together. The man who does so

. . . will let his judgment as to the causes of the phenomena of interest be guided, to some extent, by principles of expediency—which is wholly and entirely bad; and he will let his judgment as to the advantages of interest as an institution be, to some extent, directly guided by purely theoretical considerations—which, at least, may be bad. ¹²¹

Any straying from the purely theoretical to the ethical aspects of interest is only to be resorted to by Böhm-Bawerk in "so far as this is indispensable for getting at the theoretical substance" contained in opinions as to "whether interest is just, useful, and commendable." ¹²²

Böhm-Bawerk does not explicitly state whether the economist is the one to make the second investigation of which he speaks, or who is to bring the results of the two branches together, but he is not too harsh in passing judgment upon writers who in the past have merged the two investigations, since "without this merging very many able writers would not have worked at it at all."¹²³

Only four years after the first important work came Böhm-Bawerk's masterpiece, *The Positive Theory of Capital* (1888). The preface of this study reiterates the author's earlier ideas on method. "The method of statement adopted for the most part throughout this book is that which people generally—not without a suspicion of passing judgment on it—call 'abstract.'"¹²⁴ While the inquiry itself is not punctuated with apostrophes to the ethical aspects of the question, there is in Book VI, Chapter IX, rather broad justification of the institution of interest. Having treated the principle of the "technical superiority of capital in the present rather than in the future" as a cause of interest, Böhm-Bawerk proceeds to give the judgment that

For the owner not to realise the higher value of his commodity would be an act of unselfishness and charity which could not possibly be translated into general duty, and as a fact would not be so translated in regard to any other commodity.

In the essence of interest, then, there is nothing which should make it appear in itself unreasonable or unjust.¹²⁵

He adds that, like every other institution, it is subject to abuses, even "perhaps, to a greater extent than most institutions. . . . It is not my business to put excesses like these, where there actually is exploitation, under the aegis of that favourable opinion I pronounced above as to the essence of interest."¹²⁶ Böhm-Bawerk correctly avoids deciding whether Socialism or the present organization of society is better but insists that those who demand the abolition of interest must ". . . base their demand on certain

considerations of expediency, but not, as the Socialists do at present, on the assertion that this kind of income is essentially unjustifiable." ¹²⁷

Turning for the moment from the two major works, reference is made by A. B. Wolfe to Böhm-Bawerk's having gone to considerable effort to write a monograph exposing the inconsistencies of Marx's theory of surplus value. Wolfe queries rhetorically: "Was this simply one of the amenities common between pure scientists, or did it result from the desire to put a quietus upon a dangerously subversive doctrine?" ¹²⁸

In his most important contribution, however, Böhm-Bawerk holds to the "abstract" method which he laid out for himself, even if with a few long glances in the direction of what might be termed economic-ethics.

A Note on The "Austrian" Philosophic Position

Every man has a fundamental philosophy, even though he may take great pains to keep from divulging it in his scholarly work, as well as from allowing philosophy to interfere with the purely scientific character of that work. The scholars and critics achieve near unanimity in their description of the underlying philosophy (and therefore moral philosophy) of the Marginal Utility School as utilitarian.

... the calculus of pleasures and pains which is so striking a feature of Bentham's Utilitarianism has been turned to account in the exposition of the economical notion of final utility in relation to Value. . . . All desires are equally legitimate; all objects satisfying a desire (of whatever character the desire may be) are equally wealth. ¹²⁹

Haney describes the philosophy of the Austrians as "highly individualistic, and more particularly . . . that phase of utilitarianism that is known as hedonism." ¹³⁰ Gide and Rist manifest

displeasure with the Marginists for failing to pay attention to the pre-existing conditions of an exchange, as well as to its possible consequences. Jacob might well have offered Esau a bottle of absinthe, the result would have been equally satisfactory from this point of view. While the two French economists refuse to dignify hedonism with the term ethics, or morals,¹³¹ the hedonic calculus is, of necessity, more than psychological, it is also ethical.

Von Wieser acknowledged that the explanation of the simple economy was deduced from "the assumption of the greatest usefulness of economic action," and that such was "a rationalistically utilitarian point of view,"¹³² but declines to accept the label utilitarian; ". . . we expressly protest that this does not imply that we are either rationalist or utilitarian."¹³³

Davenport admits the extent to which utilitarianism is implicit in "Austrian" thought, but, nevertheless, minimizes its significance for their economic doctrine; ". . . it may safely be asserted that there is not one single essential doctrine in the system that might not, without substantial impairment or change of economic bearing, be stripped of its psychological or ethical implications."¹³⁴ The question is not whether marginal doctrine might well stand, even though stripped of its psychological or ethical implications, but rather, is it so stripped by the majority of economists, to say nothing of the quasi-economists and popularizers? Cole emphasizes this situation when he maintains that

. . . the favourite demonstration of the economists, that all distribution is based on the rewarding of the various factors of production in accordance with their productivity, has undoubtedly a strong ethical aroma. Value is such a beautiful little word; and to say that, as matters stand, every factor of production is remunerated according to its value sounds as if everything must be for the best in the best of all possible worlds.¹³⁵

William Stanley Jevons (1835-1882)

Jevons, working contemporaneously with the Austrians but independently of them, also developed the marginal utility theory of value. His *The Theory of Political Economy* (1871) made its appearance the same year as Menger's *Grundsätze der Volkswirtschaftslehre*, but Jevons failed to carry the theory far enough to explain distribution in terms of the marginal analysis.

In his opening address as President of Section F (Economic Science and Statistics) of The British Association for the Advancement of Science (1870), one year before the publication of his principal volume on economics, Jevons allowed himself a wide compass in circumscribing the social sciences.

Chemistry cannot analyse the heart; it cannot show us how to temper the passions or mould the habits. The social sciences are the necessary complement to the physical sciences, for by their aid alone can the main body of the population be rendered honest, temperate, provident, and intelligent.¹³⁶

Despite what he may have thought about the social sciences in general, Jevons nevertheless conceived the nature and method of economics to be highly mathematical. "I do not write for mathematicians, nor as a mathematician, but as an economist wishing to convince other economists that their science can only be satisfactorily treated on an explicitly mathematical basis."¹³⁷ A mathematical method must by its very nature result in a pure science abstracted of all extra-economic value judgments. Haney thinks Jevons' idea of political economy not unlike that of Senior.¹³⁸ In one place Jevons himself wrote that the problem of economy may be summed up thus: "Given a certain population with various needs and powers of production, in possession of certain lands and other sources of material: required the mode of employing their labour so as to maximise the utility of the produce."¹³⁹ Jevons included in his fundamental work a section dealing with the relationship of economics to ethics. In it he placed economics squarely on a utilitarian base.

I wish to say a few words, in this place, upon the relation of Economics to Moral Science. The theory which follows is entirely based on a calculus of pleasure and pain; and the object of Economics to maximise happiness by purchasing pleasure, as it were, at the lowest cost of pain.¹⁴⁰

Like John Stuart Mill, Jevons seems to introduce a qualitative distinction into the hedonic calculus.

... it may seem as if pleasures and pains of a gross kind were treated as the all-sufficient motives to guide the mind of man. I have no hesitation in accepting the Utilitarian theory of morals which does uphold the effect upon the happiness of mankind as the criterion of what is right and wrong. But I have never felt that there is anything in that theory to prevent our putting the widest and highest interpretation upon the terms used.¹⁴¹

Jevons limited himself in economics to those pleasures and pains involved in wealth-getting and wealth-using activities and concentrated attention upon the objects which are the source of the pleasures and pains.¹⁴²

My present purpose is accomplished in pointing out this hierarchy of feeling, and assigning a proper place to the pleasures and pains with which the Economist deals. It is the lowest rank of feelings which we here treat. . . . A higher calculus of moral right and wrong would be needed to show how he may best employ that wealth for the good of others as well as himself.¹⁴³

But Jevons' introduction of qualitative elements into the felicific calculus involves him in the same difficulty in which J. S. Mill was found. That is, what is going to be the standard for measuring "grossness" in pleasure and pain? On what basis is the "higher calculus of moral right" distinguished? If only on quantities of pleasure, then it is purely individualistic and subjective. If qualities of pleasure or happiness are admitted, then some standard other than the simple pleasure-pain calculus must be

found, in order to say which pleasures are higher and which lower.

Boucke takes pains to underline the fact that Jevons, other than in his scientific work, "from start to finish took the keenest interest in any project on behalf of the masses."¹⁴⁴ In fact, Marginism in general is absolved of reproach for its individualism; "... it would not be too much to say that Marginism was as paternalistic outside of its conceptual system as it was individualistic within it."¹⁴⁵

William Smart (1853-1915)

Professor William Smart of Glasgow is, perhaps, best known as the untiring interpreter for English readers of the Austrian School of economists. He translated Böhm-Bawerk's two principal works, as well as Wieser's *Natural Value*, and contributed his own *An Introduction to the Theory of Value on the Lines of Menger, Wieser and Böhm-Bawerk* (1891).

In the latter work Smart stops short of any ethical content for economics by saying that, although ultimately men seek goods for their own happiness, economics hypothecates the word "satisfaction," as the reason for which goods are demanded.

Here "Wealth" becomes marked out, both currently and scientifically, as the "collection of instruments" which aims, rightly or wrongly, at this Satisfaction. We take Satisfaction, then, as the boundary line of Economics—although a limit always suggests something on the further side.¹⁴⁶

Smart grants that one never escapes the obligation of ethical conduct in economic life but thinks that "there can be nothing but confusion if we do not draw a line, however arbitrary, between ethical science and economic science."¹⁴⁷

A short time later (1895), however, in his *Studies in Economics*, he thinks that "Ethics and economics are now recognised to have such close relations that it may be permitted an

economist, by way of *l'envoi*, to leave the stricter limits of his own subject, and look at things economic from a more purely ethical standpoint."¹⁴⁸ It is still the function of the economist "to discover and interpret," economic phenomena, but "is it not becoming evident that philosophy and economics must now join hands to find out and declare what is the true end and right relation of economic activity among the other activities of human life?"¹⁴⁹

In Smart's last book, *Second Thoughts of An Economist* (1916), "his supreme concern is with the ethical aspects of the science to which he had given his life,"¹⁵⁰ according to a biographical sketch by Thomas Jones. Smart can no longer refrain from looking "over the hedge" of economics to the broader field of social philosophy.

... I am reminded that I am going beyond my own beat. True, but these are "second thoughts." When a scientific man has come up to the limit of his science, he sometimes wants to look over the hedge and ask where his science comes in in the general scheme of things. Every president's speech at the British Association is a proof of this. And so, fully conscious that I have no right to speak as an expert, and yet feeling that economic study brings me right up against this question—that it is the deepest question of all knowledge—and that every man is bound sometime or other to put it to himself, I ask: What is the purpose of man's life?¹⁵¹

Further on he indicates that "The broad lines of what, . . . I am not afraid to call Moral Reconstruction, would cover two fields, Consumption and Production. . . ."¹⁵² Smart's pages contain quite a number of passages which exhibit the ethical content of various economic categories; they need not be exhibited. Smart was an economist, fully cognizant of the true nature of science, but also saw a need for "philosophical economists" or "economic philosophers" who had "something further to do."¹⁵³

Léon Walras (1834-1910)

Léon Walras developed and extended his father's concept of *rareté*, in which was vaguely foreshadowed the idea of marginal utility. Although he worked independently of both the Austrians and Jevons, he and Jevons together "are almost entitled to be regarded as extra-mural founders of the Austrian school. . . ." ¹⁵⁴

The titles of the courses given by Walras at Lausanne and the books he projected around them are interesting for this investigation, because they shed light on his conception of the nature of economics, especially with respect to the "concept of ethics in economics." These courses were: *économie politique pure*; *économie politique appliquée*, and *économie sociale*.¹⁵⁵ As the titles imply, the first deals with the pure theory of political economy, while the second treats of the art of political economy, and the third discusses the moral implications of economic facts. In the *Eléments d'économie politique pure* (1874) Walras devotes the second lesson to "Distinction entre la science, l'art et la morale." He accepts the distinction between science and art made by Ch. Coquelin and adds his own on morals. An art "counsels, prescribes, directs"; science "observes, exposes, explains."¹⁵⁶ Where questions of freedom of the will enter, especially with respect to man's actions toward his fellow-man, the facts met appertain to "la science morale."¹⁵⁷ The respective criteria for these fields are: for science, truth; for art, the useful or that which is of interest; and for morals, the good or justice.¹⁵⁸

Pure economics for Walras is abstract and has truth as its goal. However, in his *Etudes d'économie sociale* (1896) are found lessons dealing with all sorts of ethico-economic questions. Some titles are:

- a. Concurrence du principe de l'intérêt et du principe de la justice dans les questions économique-sociales.
- b. Intervention des doctrines philosophiques. Lutte actuelle

du matérialisme et du spiritualisme sur le terrain de l'économie politique et de la science sociale.

- c. Critique du matérialisme. Critique du spiritualisme. Nouveau point de vue de la morale sociale.
- d. De l'homme et de la destinée humaine au double point de vue psychologico-économique et psychologico-moral.
- e. De la concordance de l'intérêt et de la justice.

The especial significance of the conceptions of Walras for this monograph is that, although in him is met one of the most abstract and pure theorists, the real founder of the mathematical school, yet, at the same time, Walras as an economist, in his academic lectures, also conducted courses which treated the more-than-economic in the sphere of industrial activities. He did not confuse the various aspects of economic phenomena, nor did he leave the ethico-economic sphere to the social philosopher or the politician. The historians of economics stress the abstract character of his contribution but, for the most part, place no emphasis upon the implications of his conducting the other courses concurrently from the same chair at Lausanne.

With but few exceptions the economists who approach economics from the Historical standpoint accounted their emphasis of ethical factors in economic life as one of the characteristic attributes of that school. On the other hand, the Marginal Utility School was on the whole equally emphatic in presenting as a basic premise the exclusion of ethics from economics.

FOOTNOTES CHAPTER VIII

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CHAPTER IX

AMERICAN ECONOMIC THOUGHT

IT HAS SEEMED desirable to examine the concept of ethics in economics among the American economists within the limits of one chapter rather than to make a Procrustean attempt to apportion these economists among the various schools. This is warranted in part by their eclecticism and by the unique "spirit of American economics."¹ Only American economists, including those who have written within the last generation or more, therefore, will be treated in the present chapter, leaving the final chapter of the body of this study for an examination of the ethical question in contemporary British and Continental thought.

Charles Dunbar, writing in 1876 in the *North American Review*, was unimpressed with American contributions in economics up to that time. He thought that, excepting H. C. Carey and a few of his disciples, "no recognized contribution to the development of the science can be pointed out in any way comparable to those made by the French writers, or to those which the Germans are now making."²

In the United States, previous to the last quarter of the nineteenth century, there are scarcely half a dozen scholars the quality of whose work merits their inclusion in the various standard histories of economic thought. There is about an equal number

of writers not included in the standard histories of the science who did make some special contribution to the problem of this essay.

The environmental influences of a new and growing country explain the nature and direction of early American economic thought. There was an inherent idealism in the type of person who struggled with and solved the problems of a pioneer civilization, but that civilization itself bred a certain native individualism and intense practicality. The economic tracts and treatises reflected these qualities. They had an optimism born of religious faith, the youthfulness of the nation, and the almost limitless natural resources of the country. The fact that most of the early American colleges and universities were religious institutions, many of their professors ministers, gave to the early economics a theological bent which persisted until late in the nineteenth century. "In American treatises, on the other hand, theology becomes the backbone of economic science. Assumptions respecting the Divine will and designs are employed by both protectionists and free-traders in support of their theories."³ Moral philosophy was looked upon as the matrix of the social sciences, and at the end of the first quarter of the nineteenth century political economy was still a part of the philosophy synthesis in many New England colleges.⁴

Daniel Raymond (1786-1849)

In the preface to his *Thoughts on Political Economy* (1820) Daniel Raymond noted that there existed no distinctly American treatise on the subject.⁵ His priority in point of time, his rejection of *laissez-faire*, and his moral, even theological, approach, gain him any importance he may have in the history of economics, for his work had no general theory of value and distribution and admittedly left something to be desired on its scientific side.⁶ Raymond was a lawyer who turned to economics as

an avocation, one which, however, he took very seriously. A piquant moral savor permeates his *Political Economy*. "Political economy is a moral science."⁷ It is "the most interesting and important science that can engage the attention of the philosopher," since its aim is "to teach the most effectual means of promoting a nation's wealth and happiness. . . ."⁸ The biblical injunction "In the sweat of thy face shalt thou eat bread . . ."⁹ was for Raymond the basis of all political economy; none could escape it. He makes a moral juxtaposition between submission to this injunction and attempts to evade it. Economy is a "virtue" and luxury a "vice."¹⁰

Economics is not only a science of means, it must take into consideration ends and becomes, according to Raymond, ethically aligned. "A definition of economy must have relation to means and to an *end*, or *object*. . . . All the confusion on the subject of economy has been occasioned by confining it to the *means* without regard to the *end*."¹¹ Raymond rarely discusses an economic question without pointing up the moral implications involved and rendering a judgment upon them. Slavery is a violation of "the law of God";¹² "abuses of wealth"¹³ are discussed, economic privilege condemned.¹⁴ Inequality of wealth is rejected for reasons similar to those given by Plato. It encourages "luxury and dissipation" on the one hand, and "moral degradation and pauperism"¹⁵ on the other. Raymond's legal training caused him to assume an organic concept of the state; the liberalism of the late eighteenth and early nineteenth century economic thought is rejected on a moral basis, and the aid of the state is summoned.

A government should be like a good shepherd, who supports and nourishes the weak and feeble ones in his flock until they gain sufficient strength to take their chance with the strong, and does not suffer them to be trampled on, and crushed to the earth, by the powerful. The powerful ones in society, however, are not those who are so, by nature, but those who have been made so, by art—by the inheritance

or acquisition of enormous wealth; and these are the ones, who ordinarily engross all the attention and care of the government.¹⁶

Raymond read the classic European writings on political economy, thought about them in terms of the American scene, and then set down his *Thoughts on Political Economy*. He recoiled from many of the philosophical assumptions of the existent political economy.

It is regrettable that Daniel Raymond could not have joined a more scientific method to his warm, human approach to economics, although considering his educational background and other environmental factors of the time, such as was hardly to be expected. The value of his contribution should nevertheless not be understated, for, as Teilhac concludes, the fact that Raymond's work is still read "is the indication of its real value for all those who are able to discern in political economy something more than a science of business. . . ." ¹⁷

Henry Charles Carey (1793-1879)

Henry C. Carey, son of Matthew Carey (1760-1839), publisher, had the advantage of a good education and environment in his youth. As is well-known, his father was an amateur economist of sorts and published *Essays on Political Economy* (1822). Matthew Carey was a polemicist and pamphleteer, and his work on economics was not scientific but consisted of a series of essays on practical economy. He was humanitarian in his economic ideas, opposed *laissez-faire*, and defined economics in its broad and liberal sense as "the science of promoting human happiness. . . ." ¹⁸

Henry C. Carey came considerably closer than his father to being an economist in the scientific sense of the term and exerted so great an influence as to have caused the term "American School" to be used to designate himself and his adherents. In

reality, however, he contributed little of enduring value to economic science,¹⁹ propagated many errors, and is perhaps best remembered for his reaction to British Classicism.

In his *Principles of Political Economy* (1837) Carey assumes views similar to those of N. W. Senior concerning the question of ethics in economics and quotes with approval that economist's opinion that the science was neither to prescribe nor to proscribe, but to state general principles. Carey writes that the scientist studying the causes of the eruption of Vesuvius is not obliged to feel sympathy for the natives in the surrounding town. In the same way the economist must be detached in his treatment:

He seeks to understand the laws of nature, and in so doing indicates the course which leads to the possession of wealth and the improvement of condition: he inquires into the errors which have misled those who have in past times sought them in vain, leaving to his reader the choice to pursue the one and avoid the other, or not, as he deems proper.²⁰

Despite these earlier views, Carey, in *The Harmony of Interests* (1852), is full of advice couched in moral terms. The tariff, especially, is discussed in terms of ethics as well as economics. "Duty," "frauds and overreaching," the fact that "to commerce we owe much of the existing demoralization of the world,"²¹ all are treated. Carey's conclusion on the tariff is the supreme example of the misuse of ethical norms in economics. "The honest man, who desires to perform his duties to his wife and children, to society, to his country, and to his Creator, cannot import foreign merchandise. The system is a premium on immorality and fraud."²²

In the *Principles of Social Science* (1858-1859) Carey's dissent from Ricardian and Malthusian Classicism is profound and rests on a teleological basis. Contrasting Social Science with "Ricardo-Malthusianism," he writes:

The one holds to a belief in the great law of Christianity, which teaches, that men should do to others, as they would that others would do unto them; that where there are old, blind, lame, or otherwise helpless persons, it is the duty of the strong and the rich to see that they are provided for. The other teaches, that "charity, in applying itself to the relief of the distressed, does but augment the number of the poor"; that population is superabundant, and that there is no remedy but that of "starving out the surplus"; that marriage is "a luxury" in which the poor have no right to indulge. . . .²³

Political economy for Carey is a branch of social science, and social science is also moral science.²⁴ Political economy is properly subordinate, but Carey, after having earlier abstracted from economics proper all higher value considerations, aligns (almost merges) the two and goes on in his later thought to give expression to all sorts of judgments far exceeding any merely descriptive character, and usually ending on an ethical or theological note.

John McVickar (1787-1868)

The Rev. John McVickar occupied the first chair in political economy in this country, established at Columbia College in 1817. The fact that the title of the chair embraced both "moral philosophy and political economy" underscores the affinity of the two disciplines at that time. McVickar taught that political economy is a moral science, as must be all sciences dealing with human relationships, and it must take into consideration such questions as happiness, character, passions, and desires.²⁵ In his *Outlines of Political Economy* (1825) McVickar states that "The high principles which this science teaches, entitle it to be regarded as the moral instructor of nations. To them that will give ear, it demonstrates the necessary connexion that subsists between national virtue, national interest, and national happiness."²⁶ Like Daniel Raymond he grounds the science on the Providential decree compelling man to work; he sees economics

in "harmonious alliance with religion,"²⁷ but it cannot take the place of religion. Religion indicates what is wrong; political economy what is inexpedient. Political Economy is a "science which guards against involuntary, not voluntary error." Virtue lies beyond its scope, and "Hitherto, however, want of science, rather than of virtue has stamped the errors of our policy."²⁸

Francis Wayland (1796-1865)

The Rev. Francis Wayland's book, *The Elements of Political Economy* (1837), was so widely used for over fifty years (twenty-three American editions, three English and one Hawaiian²⁹) that at least some reference should be made to his concept of the question being treated in this monograph. Wayland was another of the professors of moral philosophy who eventually turned to economics (Brown University in 1828).

In the preface to the *Elements* Wayland finds "The principles of Political Economy are so closely analogous to those of Moral Philosophy, that almost every question in the one, may be argued on grounds belonging to the other."³⁰ Nevertheless, he did not think "it proper to intermingle them, but has argued economical questions on merely economical grounds."³¹ The question, for instance, whether or not men are morally bound to fulfil their contracts has nothing to do with Political Economy. "Its only business is, to decide whether a given contract were or were not wise."³²

Notwithstanding Wayland's disavowal of ethics in political economy, O'Connor is able to find eighty-three references to God, the Creator, Divine Providence, or the Maker in the book³³ of this clerical-economist. Wayland tried not to confuse the ethical and economic elements but insisted on the importance of each, all the while tracing not a few economic principles to ultimate causes.

In this same era there was added to the procession of works of clerical economists *A Lecture on the Importance of a Christian Basis for the Science of Political Economy* (1844) by the Rt. Rev. Dr. John Hughes (1797-1864), fourth Catholic Ordinary of New York. This was a balanced piece in which the bishop did not blame the science for the fact "that it seems to regard wealth as the *end*, and human *beings* as only the *means*, in order for its *attainment*." ³⁴ The economists only described economic life as they observed it. He proposed not "to destroy the principle of interest, but to enlarge it," to "bring temporal interests into harmony with spiritual." ³⁵

It is certain that self-interest is the great motive principle of human exertion; but it is equally certain that Political Economy as a science, omits what would be essential in a true definition of man's interests. Of this we shall be convinced, if we examine the moral principle on which, whether in the practice of modern nations, or on the theory of writers Political Economy is founded. ³⁶

Amasa Walker (1799-1875)

Amasa Walker achieves a line or two in the standard histories of economics probably much more because of his famous son than because of his own contributions. However, *The Science of Wealth* (1866) exhibits a well-balanced approach to the problem treated in this dissertation. Book V, Chap. VIII, under the title "Importance of Consumption," deals with the right use of wealth. There can be, according to Walker, no question of the importance of consumption from a moral standpoint, but

... we do not ask whether such inquiries cannot properly be received into the science which does not embrace them. ... Yet the two interests will not be found widely and permanently apart. Political economy has for its end the economic good of society on the whole, and in the long-run. ³⁷

The greatest wealth and the highest economic good are not logically synonymous, and we cannot accept the former as an end and aim of economic science.³⁸ In discussing "Charity and Poor Laws," as well as in dealing with "Wages," the ethical implications of these questions are treated by Walker, and in the main "an enthusiastic and healthy moral tone"³⁹ is maintained in the work.

Francis Amasa Walker (1840-1897)

General Walker was a transitional economist whose life and work overlapped both the American economics of the earlier era, which was passing, and the newer more fruitful one dawning. He was accorded the honor of being the first president of the American Economic Association (1886-1892), although he and the younger founders of the organization (Ely, Seligman, et al.) were far from agreement in viewpoint or doctrine.

Walker assisted his father in writing *The Science of Wealth*, and, in addition to several special works on money, published a general treatise, *Political Economy* (1883).

His idea of the possibility of admitting a normative element in economics is marked by an acerbity unequalled in early American economic thought, and even in much of the writing which was to follow.

It cannot be too strongly insisted on, that the economist as such, has nothing to do with the questions, what men had better do; how nations should be governed; or what regulations should be made for their mutual intercourse. His business simply is to trace economic effects to their causes, leaving it to the philosopher of everyday life, to the moralist or the statesman, to teach how men and nations should act in view of the principles so established. The political economist, for example, has no more call to preach free trade, as the policy of nations, than the physiologist to advocate monogamy as a legal institution.⁴⁰

Still further:

The boundary line between ethical and economic inquiry is perfectly clear, if one will but regard it. Great confusion has been engendered by writers in economics wandering off into discussions of political equity. The economist, as such, has nothing to do with the question whether existing institutions, or laws, or customs, are right or wrong: why right, or how far right; why wrong, or how far wrong. His only concern with them is to ascertain how they do, in fact, affect the production and distribution of wealth.⁴¹

Turgot, Senior and Ricardo are hailed by Walker for their precision in separating the science of political economy from the art. Bastiat is scored for having attempted to prove the institution of property just,⁴² and the freedom of political economy from natural theology is asserted in no uncertain terms.⁴³ "An economist . . . has no mission to vindicate the ways of God to man. He is to investigate the laws of wealth."⁴⁴ Moral and ethical factors, of course, have bearing on economic conditions but are only "to be taken account of by the economist precisely in so far as they are found, in fact, to affect the conduct of men in the pursuit of wealth."⁴⁵ And then, only the cause-effect relationship is to be indicated; the political economist should "teach," not preach.⁴⁶

Henry George (1839-1897)

Henry George cannot accurately be listed as a scientific economist, yet he made such an impression on American thought that he may not properly be omitted from a study which treats a phase of economic thought from the historical standpoint. It is all the more necessary to examine his work here because George's major theoretical contribution, according to Geiger, was his "insistent attempt to clarify the relation between ethics and economics. . . . It was his moral purpose that gave life and richness to the fiscal details of his economics."⁴⁷ For George,

"... the material of economics involves consequences which are judged and so pass into the field of ethics; economics cannot cut itself off from ethics . . ." ⁴⁸ and "... the technique of economics must be shot through with the motivation of ethics." ⁴⁹

Henry George's economics was not only ethical, but related to a theological canon, and carried with it a deep sense of natural rights of man flowing from the Author of all nature. Henry George, Jr., writes in a biography of his father: "... the essence of Henry George's economics is ethical—the natural order, justice. It carried with it a profound belief in an All-maker, it pulses with the conviction of the fatherhood of God and the brotherhood of man." ⁵⁰ This heavy ethical tone was present in his work notwithstanding the fact that, when consciously addressing himself to the problem in *The Science of Political Economy* (1897), he held for a strict separation of the two disciplines, saying that economics must be as much a science as navigation, "which is concerned with the means whereby a ship may be carried from point to point on the ocean, but asks not whether that ship may be a pirate or a missionary barque." ⁵¹

Political economy is not moral or ethical science, nor yet is it political science. It is the science of the maintenance and nutriment of the body politic.

Although it will be found incidentally to throw a most powerful light upon, and to give a most powerful support to, the teachings of moral or ethical science, its proper business is neither to explain the difference between right and wrong nor to persuade to one in preference to the other. ⁵²

However, Book VII of *Progress and Poverty* (1879) deals with the "Justice of the Remedy," and Chapter One of that book with "The Injustice of Private Property in Land." The two sciences (ethics and economics) must be in agreement.

If our inquiry into the cause which makes low wages and pauperism the accompaniment of material progress has led

us to a correct conclusion, it will bear translation from terms of political economy into terms of ethics, and as the source of social evils show a wrong. If it will not do this, it is disproved. If it will do this, it is proved by the final decision. If private property in land be just, then is the remedy I propose a false one; if, on the contrary, private property in land be unjust, then is this remedy the true one.⁵³

An evaluation of George's reasoning on the question of private property is not essential to the purpose of this investigation, however much it may be thought that George erred here both in his ethical and economic conceptions; the real merit of his method lies in the fact that he sought to relate his economic inquiry to an ethical end, and held that there could be no contradiction between the two disciplines. The serious student of this whole problem can scarcely refrain from speculating on what might have been the result for economics if Henry George had had the opportunity of joining to his intense moral dynamism a thorough academic training in economic science.

John Bates Clark (1847-1938)

Perhaps the greatest economist ever produced in the United States is met in John Bates Clark.⁵⁴ He was a student in Germany under Roscher and Knies, and although himself a Marginalist, he paralleled his teachers' ethical approach by coupling economic theory to a larger social theory, "placing it upon a defensible moral basis. The philosophical and ethical approach is displayed throughout all his later writings. . . ." ⁵⁵ Homan goes on to say of Clark that

. . . his predilection for morality is of the essence of Clark's inner self. It is not so much a part of his scientific inquiry, nor so much a necessary consequence of it, as it is a personal preconception which he brings to it. It is necessary to give vital meaning to his work.⁵⁶

His first book, *The Philosophy of Wealth* (1885), a series of essays rather than a systematic treatise, placed the ethical aspects of economics so prominently in the foreground that it is difficult to select particular passages as typifying his viewpoint. The work is literally permeated with ethical considerations of economic phenomena. The broad view he took of the nature and purpose of the whole economy is perhaps first worthy of note. Maximization of wealth is an important factor of the economic process, but

The greatest social wealth does not necessarily create the greatest social weal; that result depends, in a great degree, on the quality and the distribution of the weal-constituting element. The securing of the greatest quantity, the highest quality, and the most equitable distribution of the wealth is the rational goal of economic society.⁵⁷

The growing complexity of the economic system has necessitated an increased development of moral force. The Classical ideas of "self-interest" and "competition," as they worked themselves out in nineteenth century economics, are rejected by Clark.

We have aimed, incidentally, to bring into view the sovereignty of moral law in the economic practice of the world. If competition were supreme, it would be supremely immoral; if it existed otherwise than by sufferance, it would be a demon.⁵⁸

Clark is much more tolerant of competition in his later work, in fact, sees it as the great economic regulator.

He accentuates what he considers to be a far too prevalent inversion of the whole idea of trade, meanwhile pointing up a conflict between the ethical and economic elements involved.

What is ordinarily termed a good bargain is, morally, a bad bargain. It is unequal, and good for one party only. Whenever such a transaction takes place, some one is plundered.

We should term a purchase or a sale good only when it conforms to the standard of equity; we actually call it so when it departs from that standard, and we gauge its goodness by the amount of the departure.⁵⁹

Continuing in this vein, Clark regrets the complacency which exists regarding what is so often called a "deal," but which really involves gain by questionable means. "Are they disposed to conceal their action, or to boast of it? Are they, in fact, treated with less honor by other men, or with more? The whole process is bad; it is odious, and the worst feature of it is that it is characteristically American."⁶⁰

John B. Clark emphasizes the ethical as well as the economic aspects of labor-management problems. The points of fact involved suggest problems of equity. Labor itself entails moral effort. Are wages in nature, source and amount what they ought to be? Is any particular relationship between parties of the two classes as it ought to be? "The contests of interests between capitalists and laborers are intensified by counter-claims in equity; and the problem thrust upon society is not merely how to divide a sum, but how to adjust rights and obligations."⁶¹ The idea of a moral minimum of wages, as well as the fact that wages are often forced down below what is necessary, is recognized, and the payment of excessively low wages is compared to a boatman bargaining with drowning men to decide whether he shall rescue them or not. "A few men without employment, and a few employers without souls, are the conditions of a general reduction of wages below the point to which more legitimate causes would reduce them. Unemployed men and soulless employers always exist somewhere."⁶³

Not quite so large a share of Clark's energies is devoted to moral considerations in *The Distribution of Wealth* (1899) as in the earlier work. The elucidation of a complete, systematic theory of distribution is the proper concern of this work, but ethical implications of the distributive process are not com-

pletely avoided. We must ascertain whether we have the right to allow the present distributive system to exist, as well as whether it is expedient to do so.

The *right* of the present social system to exist at all depends on its honesty; but the expediency of letting it develop in its own way depends entirely on its beneficence. We therefore need first to know whether we have the right to let natural economic forces work as they are doing; and we need next to know whether, on grounds of utility, it is wise to let them work thus.⁶⁴

It is a well known fact that Clark's distribution theory was a specific marginal productivity theory. According to that theory, in a given state of the arts, under conditions of competition, each of the various factors of production receives a share equal to the productivity of its final or marginal increment. The underlying ethical connotation here is not difficult to perceive. Is not justice done when each factor gets the specific value of its marginal contribution? Although Clark worked out his whole theory of distribution "essentially as a contribution to the problems of social justice,"⁶⁵ he refused to answer the question just raised because he considered it a purely ethical inquiry, beyond the scope of economic science.

We might raise the question, whether a rule that gives to each man his product is, in the highest sense, just. Certain socialists have, indeed, contended that such a rule cannot attain justice. . . . The entire question whether this is just or not lies outside our inquiry, for it is a matter of pure ethics. Before us, on the other hand, is a problem of economic fact. Does natural distribution identify men's products and their gains?⁶⁶

But on the very next page Clark lets his readers know that, "A plan . . . that should force men to leave in their employers' hands anything that by right of creation is theirs, would be an institutional robbery. . . ." ⁶⁷ Thus attention is paid to the ethical

aspect of the problem anyway.

Clark makes a distinction between "universal economics" and "social economics." The "universal laws of economics depend on the relations of mankind to nature, while the social laws . . . depend on relations between man and man."⁶⁸ It is at this latter point that ethics enters economics for Clark, since

Profits, in the abstract, be it noted, are not under a moral obligation to wages in the abstract; although the entrepreneur, who gets profits, may owe something to his workmen, who get the wages. . . . There is, then, no issue of right or wrong involved in the fact that wages, as such, fall from a dollar and a half a day to a dollar; but the taking of a half-dollar from the daily pay of each member of a force of men, and the adding of it to the gains of an employer, raises between the parties a critical issue of justice or injustice.⁶⁹

John Bates Clark took an organic conception of society in contrast to the individualistic outlook of the older Classical economics and even in his *Distribution of Wealth* holds a general preconception that the laws of economics "are only to be considered valid when they approve themselves to the moral sense of mankind."⁷⁰ Although he properly did not inject the ethical element at every turn in his systematic work, it can be said that his economics was framed in a border of ethics.

Simon Nelson Patten (1852-1922)

The name of Patten may not be omitted from any list of representative American economists of first rank. Concerning the question of the relevancy of ethics to economics, he did not hesitate to state that it was his belief that economic conduct should be subject to ethical principle. "There can be no full discussion of economic problems without bringing political and moral principles into relation with the economic."⁷¹ But this is no reason for mixing the two types of discussion; logical treatment

demands that they be kept separate.

Each science will doubtless need premises derived from the others. Any such premise, however, should be accepted consciously and be made a subject of criticism only in the science from which it is obtained and in relation to the doctrines of which it is a part.⁷²

In his essay on "The Scope of Political Economy" Patten draws utilitarianism within the scope of economics but then insists on a higher canon for ethics. Strictly utilitarian grounds for action are not ethical in nature, according to Patten; ethics goes beyond such considerations.

When it is once recognized that utilitarianism is not ethics, but a part of economics, dealing with the problems of social progress, ethics is limited to a narrower but more clearly defined field, and new boundaries must be set between it and the enlarged science of economics. There is no appeal to ethics so long as strictly utilitarian grounds for action are presented. Any law must be enforced. The only question is, What is the motive which makes the conduct of men conform to the law? It may be a reasoned calculation of pleasures and pains, and then the motive power is self-interest. But the consideration of this problem lies within the field of economics, even though the resulting action leads to social progress, and thus indirectly to moral improvement. We get into ethics, not by insisting on a ground for enforcement, but by insisting upon a particular ground—by appeals to those instinctive feelings we call conscience and not to self-interest.⁷³

Not only must ethics go beyond utilitarian premises, but

Even in fields regarded as strictly economic, there are many instances where feelings are so strong that they displace the utilitarian calculation, and thus make the treatment of certain problems analogous to the treatment of problems in the higher social sciences.⁷⁴

For example, there is a considerable latitude both in nature and

quality between the conceptions of honesty as a virtue, and as the "best policy."

Patten's position on this phase of the scope question is summed up, then, as one which insists upon the full and independent development of the two sciences, but which, nevertheless, maintains lines of communication between them.

Richard Theodore Ely (1854-1943)

Richard T. Ely, co-founder of the American Economic Association, and sometime dean of American economists, made no inconsiderable pioneering contribution to the promotion of the study and teaching of economics in the United States, and to broadening the scope of that science in the direction of including a greater ethical content. Suranyi-Unger designates as the chief characteristic of Ely's *Outlines of Economics* (first ed., 1893) "its historical and ethical attitude toward economic phenomena."⁷⁵ Like so many of the earlier economists, Ely came to economics after having first majored for a time in philosophy. He studied in Germany under the Historical School and attests to the impression their ethical view of economics made upon him.

I must not fail to mention the impression produced upon my thought (and again I believe I may speak for most of my associates) by the ethical view of economics taught by Conrad, by Wagner, and above all by Knies, under whom I took my degree. These economists had a sufficiently clear perception of the difference between ethics and economics. They had a feeling, however, that ethical influences should be brought to bear on our economic life, and they believed also that those ethical influences which were actually at work shaping economic life to a greater or less extent should be examined carefully as existing forces.⁷⁶

The original prospectus drawn up by Ely for the American Economic Association has a tenor which in its ethical and anti-

laissez-faire character bears a strong resemblance to the platform of the *Verein für Socialpolitik*.

We regard the state as an educational and ethical agency whose positive aid is an indispensable condition of human progress. While we recognize the necessity of individual initiative in industrial life, we hold that the doctrine of *laissez-faire* is unsafe in politics and unsound in morals, and that it suggests an inadequate explanation of the relation between the state and the citizens.⁷⁷

Speaking at the first conference of the Association at Saratoga in September, 1885, Ely said in part:

... we who have resolved to form an American Economic Association hope to do something toward the developing of a system of social ethics. ... Believing that our work lies in the direction of practical Christianity, we appeal to the church, the chief of the social forces in this country, to help us. ...⁷⁸

It is perhaps not without significance, especially when the theological predisposition of much of early American economics is recalled, that no professional class was so largely represented as were the clergymen among the early members of the Association.⁷⁹

In his *Social Aspects of Christianity* (1889) Ely identifies himself as a member of what he calls an "ethical school of political economy."

While representatives of an older view endeavor carefully to separate the two, the adherents of the ethical school attempt to bring them into the closest relation—indeed, I may say, an inseparable relation. They apply ethical principles to economic facts and economic institutions, and test their value by that standard.⁸⁰

Answering the question why economics should concern itself with "what ought to be," Ely held that English political econ-

omy described only economic life in commercial England in the nineteenth century. A true political economy implies growth, and "a growth cannot well be comprehended by an examination of the organism at one period."⁸¹

I believe all sciences which treat of concrete organisms consider what ought to be as well as what is. . . . Natural sciences treat continually of purpose and adaptation to ends. Who can so well treat of social remedies as he who has studied society? Why stop when we have reached the point which renders our science useful?⁸²

As late as the 1934 edition of the *Outlines*, Ely continued to hold that, because of the organic nature of social phenomena, and because of the necessity of dealing with man as he is, it is "impossible to divorce economics completely from ethics. . . ." ⁸³ This does not mean that they cannot beneficially be divided for purposes of study, but because there is some territory common to both sciences, "the economist may be compelled to pass judgment on what is just and reasonable."⁸⁴

Professor Haney's final judgment on R. T. Ely's work is that it "has helped to keep American economists in touch with a social point of view which is practical, and to prevent their forgetting the problem of justice in distribution."⁸⁵

Frank William Taussig (1859-1940)

F. W. Taussig was perhaps America's greatest teacher of economics—fifty-two years at Harvard, forty-one years as editor of the *Quarterly Journal of Economics* and, in addition, the influence of his *Principles of Economics* (four editions) on the thousands of students who obtained their first impression of the science from that work. Concerning the scope of economics, especially its relationship to ethics, Taussig's conception was one of the more rigorous and austere among American economists. In his *Principles* (1939, 4th ed.) he defers mentioning the

question of "welfare and happiness" until the chapter on "Monopolistic Competition," and then writes:

It is quite an open question whether these larger matters should be dealt with at all in a treatise on economics. The scope of economic science is admittedly limited. . . . The commendability, the moral or esthetic goodness of their wants and satisfactions—all this is outside our scope. We examine merely the ways in which people produce and exchange and divide among themselves the things they happen to want.⁸⁶

Continuing along the same line of reasoning, and as if to leave no doubt about the matter, Taussig adds:

It is immaterial for economics how a want arises, or even whether purchases are made with the results expected or not; the only question is what people want at the time when the purchases are made and what will be paid. It is all a matter of vendibility and the relation of costs to vendibility, of disutility to utility.⁸⁷

Taussig admits that at times the economist may not be able to keep from straying over into other territory but holds that for the most part he should stay in his own province. "While he cannot refrain from sometimes crossing the line which separates him from the other parts, yet in general probably he does best to keep within his own domain. Its problems are perplexing enough."⁸⁸

In his little volume entitled *Inventors and Money-Makers* (2nd ed., 1930), Taussig had it as his aim "to arouse interest in the important topics that lie on the borderline between economics and psychology and ethics."⁸⁹ These were the lectures he delivered in connection with the celebration of the 150th anniversary of the foundation of Brown University. Taussig, however, is not speaking here primarily *qua* economist, and the work deals much more with economics and psychology than economics and ethics, although the patent system is justified

because it spurs the inventors' activity into "channels of general usefulness."⁹⁰

Taussig's main efforts were concentrated in the fields of wages, tariff, and international trade. Howard Ellis, who wrote the Memorial to Taussig in the *American Economic Review*, says that in the *Principles*, "The primary concern was not mere analysis but analysis oriented toward policy and the primary concern of policy was the mitigation of inequality."⁹¹

Talcott Parsons, in the volume of essays contributed in honor of F. W. Taussig's seventy-seventh birthday, calls his a voice

... which defended economic theory but which was at the same time ethically and politically in the best traditions of a tolerant liberalism, which above all was not deaf to the cry for social justice and the corresponding indictment of certain features of the existing order. . . . Professor Taussig has been in his generation the leading exponent of the same admirable tradition as John Stuart Mill.⁹²

Parsons does note in Taussig's work that

... in spite of his recognition of the empirical importance of so many non-economic factors in social life, he has had relatively little success in bringing them into a degree of theoretical systematization at all comparable with the more technically economic aspect of his work.⁹³

Herbert Joseph Davenport (1861-1931)

H. J. Davenport is of especial interest to this study because of his very definite conviction that economics should be freed from all extraneous value considerations and confined to a theory of price. For Davenport the science of economics must maintain an Olympian aloofness from any sort of judgment if it is to be close-thinking and systematic.

... our business is not to approve or to condemn, to

regret or to indorse, to commend or to denounce, but only to make a coldly unsympathetic, impersonal, and objective report of the actual ongoing of things. Defense, apology, or condemnation are no part of our business.⁹⁴

In rather whimsical fashion Davenport illustrates his thought by saying that, "Peruna, Hop Bitters, obscene literature, indecent paintings, picture hats and corsets are wealth, irrespective of any ethical or conventional test to which they may or may not conform. Being marketable, price-bearing, they are wealth."⁹⁵ He did appreciate and bring out the fact that, after the scientific principles had been obtained, the results of the economist's work could either be handed over to the social philosophers, or the economist himself could assume the task of ethical appraisal. But not as an economist could he do this. "As economist, his business is solely with the facts: Trojan and Tyrian stand in equal estimation with him."⁹⁶ Davenport acknowledges that this principle of scientific objectivity is violated often in the social sciences, frequently even in his *The Economics of Enterprise* (1913), but always at some risk to scientific truth. He recognizes the need for ethical judgment of economic phenomena but wants to make sure of the existence of a proper scientific ground-work first.

The criticism may be made concerning the tendency arising from an economics of Davenport's type that either the ethical aspects will be allowed to lie neglected without being accounted for, or people who do not appreciate and are not trained in the fundamental economic implications of a particular question will be the ones to decide it on ethical grounds alone. The question raised here is in part answered by Davenport in *The Economics of Alfred Marshall* (posthumous, 1935):

Nothing, however, decrees that the social philosopher must know no economics, or that the economist may not be also a social philosopher—always a wise guide and counsellor in most or in all problems both of individual and social

policy. But the economist who is more or other, or better than mere economist does not, with his excursion into other fields, carry along his field with him, or reduce the new territory to the economic jurisdiction. There is no requirement that economists be not also human beings.⁹⁷

It will be remembered that the so-called ethical schools insisted upon the need for scientific objectivity, but also for something beyond that. The difference between their position and that taken by Davenport and others is that the latter "admit and accept" where the former "urge and insist" upon the ethical connotation of groups of economic data; also the ethical schools would treat these questions inside a wider economics. Davenport and the price economists would allow the economist to treat the same questions but, while so doing, he must hang up a sign reading "off bounds."

Wolfe attests to the fact that Davenport, in his final chapter of *The Economics of Enterprise*, reveals "a soul actuated by the most intense ethical interests, not to say something akin to anger at the inefficiencies and stupidities of the present system he has so minutely dissected."⁹⁸ This is what one would expect in a man of Davenport's calibre, but does not the danger in such a conception of the relationship between economics and ethics lie in the fact that many men of lesser stature will say, "let ethical implications of economics be treated by the moral and social philosophers?" But many of the latter will not have the economic competence to do so.

Edwin Robert Anderson Seligman (1861-1939)

The McVickar Professor of Political Economy at Columbia University for nearly a half century ranks with Clark, Ely and those other giants trained in the German universities who did so much to place on a sound basis the study and teaching of economics in this country. Seligman had a very definite and continuing opinion concerning the role of ethics in economics. He

joined with Ely in the *Science Economic Discussion* (1886) in espousing the idea of the "ought" in economics. In part, Seligman wrote:

The paramount question of political economy today is the question of distribution, and in it the social problem (the question of labor, of the laborer),—how, consistently with a healthy development on the lines of moderate progress, social reform may be accomplished; how and in what degree the chasm between the "haves" and "have-nots" may be bridged over; how and in what degree private initiative and governmental action may strive, separate or conjointly, to lessen the tension of industrial existence, to render the life of the largest social class indeed worth living.⁹⁹

In his presidential addresses to the American Economic Association he is found devoting his attention to "Economics and Social Progress" (1902) and "Social Aspects of Economic Law" (1903). "Social" for Seligman is synonymous with "ethical," and he does not hesitate in these addresses to accentuate the normative aspects of economics. In the paper delivered in 1902, the economists are told that, "Consciously or unconsciously the teleological element has presided at the birth, and has accompanied the growth, of all social speculation. 'What ought to be' has even been the spiritual father of 'what is.'"¹⁰⁰ The same address concludes with the observation that

Economics is therefore both the creature and the creator. It is the creature of the past; it is the creator of the future. Correctly conceived, adequately outlined, fearlessly developed, it is the prop of ethical upbuilding, it is the basis of social progress.¹⁰¹

A similar purposeful and ethical conception of economics is presented by Seligman in his second presidential address:

Economics, politics and ethics are each of them a part of a greater social science. In each of them we find the universal problem of attaining unity in multiplicity. The aim

of economics is to show the reconciliation of private wealth with public welfare. . . . Prosperity, freedom, morality—all are at bottom social conceptions . . . they can be comprehended in theory only through an analysis which accentuates the social element.¹⁰²

Discussing essentially this same question in the *Principles of Economics* (9th ed., 1921), Seligman is equally direct in saying that, "Close as are the relations of economics with both politics and jurisprudence, the connection between economics and ethics is closer still."¹⁰³ Professor Seligman speaks of a conflict on this question in the popular mind and traces that conflict back to the thought of Adam Smith in which the system of political economy was based on the principle of self-interest, while that of ethics on the principle of sympathy. The two principles, in Seligman's opinion, are reconciled through the fact that, by stressing sympathy or altruism to the extreme, the individual would be eventually destroyed, and also society; while excessive emphasis on self-interest will ultimately mean the destruction of others, and therefore society. There must be a balancing of the two principles if social life is to endure. "There can therefore be no conflict between correct economic action and true ethical theory."¹⁰⁴ All this type of discussion is found, incidentally, in the *Principles of Economics*.

Seligman urged the avoidance of creating too wide a distinction between pure and applied economics; there can be no pure economics in the same sense as pure mathematics, or, if it exists, it will be a purely "logical exercise";¹⁰⁵ ". . . a discussion of social tendencies at once brings up the question of what ought to be. Economic inquiry is teleological as well as historical."¹⁰⁶ A defense of a modified form of historical materialism is made in the *Economic Interpretation of History*¹⁰⁷ (1902).

Lastly, Seligman persists in the ethical outlook even down to his article on "Economics" in the monumental *Encyclopedia of the Social Sciences*, of which he was editor. He refuses here

to enter into lengthy discussion on methodology and definition, saying that the modern student

. . . is more frankly concerned with specific problems suggested by the thousand and one maladjustments in the functioning of the economic system; and he endeavors to bring his intelligence to bear upon their solution without concerning himself with the question whether the problems are purely economic in character. . . .¹⁰⁸

Seligman goes on to emphasize that his definition of economics sees that branch of learning as "a social scientific discipline and that it is concerned with the relations of man to man arising out of the processes directed to the satisfaction of material needs"¹⁰⁹ In short, it has ethical implications.

Thomas Nixon Carver (1865-)

Thomas N. Carver is another American economist who gave a good deal of his attention to the question of ethics in economics. He abjures "hairsplitting," "subjective quibbles" and "philosophical clap-trap,"¹¹⁰ and practically erects economic canons into moral norms. For Carver, ". . . the economic problem is the fundamental one, out of which all other social and moral problems have grown."¹¹¹ The underlying philosophy of the *Essays in Social Justice* (1915) is highly materialistic: "The ultimate problem of any variety of life, including the human race, is that of adjustment to the material universe. All other problems are subordinate to that, and all values are derived from their relation to this ultimate problem."¹¹² Survival and adjustment to environment are primary with Carver:

Anything which facilitates the adjustment of man to the universe is, for man, good. Anything which hinders that process of adjustment is, for him, bad. Any class of actions which help in this process of adjustment ought to create in us the sensation of approval, whether they do or not, and

any class of actions which hinder in this process ought to create the sensation of disapproval whether they do or not. Otherwise there is no room for the existence of moral sentiment.¹¹⁸

Carver's *Principles of Political Economy* (1919) bears the dedication, "To all those who care to see their country grow strong and great." Moral and spiritual qualities are necessary for this economic welfare, and Chapter VI, "Morals and Religion," treats of the effect of these on the prosperity of a nation. He does not refrain from discussing such questions as, "Should men be allowed to accumulate wealth?" and rejects the Socialist idea of morality,¹¹⁴ although he comes close to identifying the general welfare with economic welfare. A still later work deals with *This Economic World and How It May Be Improved* (1928). Ethically slanted questions, such as, "Is the Present System Somehow Good?," are included among the topics discussed.

The work of Carver is permeated with normative elements, albeit a peculiar brand of economic determinist ethics of his own.

Institutionalism

At the beginning of the twentieth century there arose a movement in American economic thought which is highly critical of hitherto existing systems of thought, as well as of the existing economic order. This school of thought rejects the deductive character, the emphasis on price phenomena, and the notion of normal equilibrium which typified much of earlier economics. Instead, it puts primary stress on the rôle of institutions in the determination of the economic process, and in understanding and setting forth the nature of these institutions, not only economic data, but historical, psychological, biological and

anthropological facts must be reckoned with. Economics as a process, rather than as a system, is emphasized. In some of these aspects it resembles Historism, but the latter school gave more attention to formal economic law, while Institutionalism goes beyond Historism by accentuating the instinctive as opposed to the rational element in life, as well as by underlining its evolutionary (in the Darwinian sense) nature. All this does not imply complete agreement among the Institutionalists, any more than among the Historists. Thorstein Veblen, usually regarded as the founder of this system of thought, John R. Commons, Wesley C. Mitchell, Veblen's sometime pupil, and Albert B. Wolfe, have been selected for consideration as typifying the Institutional approach to economics.

The degree to which normative elements are found in the thought of Institutional economists seems a partially mooted question. Their explanation of the economic process in terms of a goalless evolution has a minimizing effect upon the normative aspects of their thought. Frank D. Graham asserts that they "have sought to keep their discipline free of value judgments (*Wertfrei*)."¹¹⁵ Completely contradictory to this view, Mukerjee maintains

Institutional economics thus clearly distinguishes between legitimate and enlightened consumption and "conspicuous waste," between accumulation of capital and "acquisitive production . . ." between mere technical achievement or wealth production, and vital and social welfare and harmony. Ecological and price economics accordingly furnishes the tools with which institutional economics works. Institutional economics, with its norms of social welfare, solidarity and justice establishes the relative value of means and ends and their reciprocal functional relations.¹¹⁶

Peck, too, finds Institutionalism and welfare economics complementary: "The test of economic institutions . . . is a matter of ultimate, ethical, or aesthetic valuation."¹¹⁷ Bye notes that "some" of the Institutionalists orient their economics in the

direction of ethical norms.

Some, at least, of the institutionalists have no patience with economic generalizations which merely describe market prices in terms of demand and supply without appraising the effect of such processes upon the health and happiness of the people whose lives they influence. This group of critics wants economics to be made definitely a study of welfare, not of the defensive type which characterized the work of the naturalists and apologists who have already been mentioned but of a critical and constructive type which will show the weaknesses of prevailing economic institutions and will point the way to their improvement.¹¹⁸

Homan steers a middle course through these various estimations of the teleological character of Institutional economics and observes that

They maintain a high ideal of scientific objectivity, but are in general guided in their choice of subjects for investigation by the desire to be of assistance in an intelligent scheme of social reform. Wherever the operation of our economic institutions appears to raise some human problem they will be found. . . .¹¹⁹

The difference of opinion is in part the difference between earlier and later, older and younger Institutionalism, and in part a difference among individual members of the school.

Thorstein Bunde Veblen (1857-1929)

Veblen looms as a cynical and satirical giant of dissent from practically all types of economic thought which preceded him, but he has no pet scheme or system of his own which he desires to install in their place. He is interested primarily in analyzing, understanding and explaining the economic system.

His avowed, if not consistently followed, purpose is to subject the origins and the operation of the economic system

to an objective, scientific scrutiny, freed from all such irrelevant preconceptions as should predispose him to become its advocate.¹²⁰

In Veblen's *Theory of the Leisure Class* (1899) it will be seen that he warns against any ethical interpretation being given to his designation as "wrong" the attitude of the leisure class which holds that "Whatever is, is right."

"Right" and "wrong" are of course here used without conveying any reflection as to what ought or ought not to be. They are applied simply from the (morally colourless) evolutionary standpoint, and are intended to designate compatibility or incompatibility with the effective evolutionary process.¹²¹

This is a course to which Veblen seeks to hold throughout his works; one inquires not about right and wrong, if he be scientific, but about the ineluctable evolution of the economic processes. Veblen contends especially against the natural law tendency of the Physiocrats and Adam Smith, and, from the evidence of the attenuation of this tendency in modern writers, predicts that

... it is only a question of time when that (substantially animistic) habit of mind which proceeds on the notion of a definitive normality shall be displaced in the field of economic inquiry by that (substantially materialistic) habit of mind which seeks a comprehension of facts in terms of cumulative sequence.¹²²

This will come about because

Under the stress of modern technological exigencies, men's everyday habits of thought are falling into the lines that in the sciences constitute the evolutionary method; and knowledge which proceeds on a higher, more archaic plane is becoming alien and meaningless to them. The social and political sciences must follow the drift, for they are already caught in it.¹²³

Veblen admits that perhaps this tendency is not desirable in the social sciences but considers a judgment along those lines not the concern of his essay.

There is room for much more than a vague doubt that this cult of science is not altogether a wholesome growth—that the unmitigated quest of knowledge, of this matter of fact kind, makes for race-deterioration and discomfort on the whole, both in its immediate effects upon the spiritual life of mankind, and in the material consequences that follow from a great advance in matter-of-fact knowledge.¹²⁴

He gives further evidence of his conception of economics as a discipline purged of all ethical conceptions when he takes issue with the economics of John Neville Keynes on that score and speaks of "... the theoretic blur embodied in Mr. Keynes's attitude of tolerance towards the conception of economics as a 'normative' science having to do with 'economic' ideals, or an 'applied economics' having to do with 'economic precepts.'" ¹²⁵ Thorstein Veblen does not bar ethical elements from economics only for purposes of scientific accuracy; it is his mechanical and economic determinism ¹²⁶ which makes such a step necessary.

But, like some other economists who professed a scientific astringency, Veblen had a way of unloosing an avalanche of adjectives of all hues upon the economic conduct he criticized, all the while disclaiming the intention to make a moral evaluation. Peck contends that, "It is Veblen's democratic and ethical attitude which envelops his historic and scientific exposition and which makes his work literary satire as well as social science." ¹²⁷ The power of his brilliant satire makes it difficult to escape seeing in his writing judgments of the institutions and customs satirized. Noting these strong ethical accents, Homan asks:

What can one say to the views that business is primarily sabotage; that national establishments are solely for protecting property rights; that religion is important chiefly as obstructing production; that almost the sole effect of credit

is monetary inflation; that consumption is almost entirely based on invidious display; or that the law of the conservation of energy derives from double-entry bookkeeping? ¹²⁸

His distinction between "pecuniary pursuits" and "industrial pursuits" is also tacitly charged with a high moral voltage.

Veblen can conceive, however, of no standard of welfare except maximum output of goods, and he offers no concrete program other than control by "technocrats" instead of business men. Some of the sombre shadows of his own harassed life and nature seem to break through into his materialistic, deterministic, goalless, evolutionary economics. The major criticism raised against it is that it leads nowhere. There is presented a vigorous and dynamic, if not always scrupulously accurate, elucidation of all that went before, but after that, nothing but blind, aimless evolution, with not even the consolation of the eventual final synthesis provided by Marx; ". . . no intelligible theory of social ends, no adequate account of social forces, and no tenable scheme of social control are anywhere advanced." ¹²⁹ One might expect such a procedure from a mere economist, but Veblen was "many other things before he was an economist, and . . . it is impossible to understand him as an economist without an understanding of his background of philosophy." ¹³⁰ He does not, as do other so-called "pure" scientists, hand over questions of economic welfare to social philosophers or statesmen. All is simply to be explained by the evolution of the institutional process.

John Rogers Commons (1862-1944)

Commons' broad viewpoint is similar to that of Veblen, although he puts more stress on the legal aspects of institutions and sees greater possibilities of controlling institutions and directing their evolution towards conscious goals. Although he was for the most part contemporaneous with Veblen, Commons

lived well over a decade and a half longer, and, in his idea of control, is similar to the younger group of Institutionalists, many of whom were in the service of the government in the so-called "New Deal" years. R. G. Tugwell, G. C. Means, S. H. Slichter and A. B. Wolfe are among a few of the better known of the younger group.

Kenneth H. Parsons has made an excellent interpretation of the "John R. Commons' Point of View," one which Commons himself has called "a magnificent analysis and summary. . . . I feel Parsons has done very much indeed to clarify my arguments. . . ." ¹³¹ For this reason the Parsons article has been drawn upon heavily for this section of the present study. J. R. Commons' views on the relationship between ethics and economics may be simply stated. He was interested in the "is" and the "ought." He was seeking to work out a theory of economics which would be "adequate both for the analysis of economic problems and the guidance of social action. . . ." ¹³² In this analysis he envisioned "the coordination of the social sciences, especially law, ethics, economics and political science." ¹³³ Social control, generally, made such a procedure necessary in Commons' view.

Parsons identifies Commons with the American pragmatic school; his ethics also has that element of materialist determinism found in Veblen, for, according to Commons' conception, we do not have broad ethical principles to guide us in the settlement of conflicting economic interests; rather we derive our idea of social good from the way in which we settle disputes. Ethics according to Commons' viewpoint "is an historical process developing out of the decisions of economic disputes and there is no dualism of ethics and economics." ¹³⁴

Commons' conception of a fused ethics and economics appears logically consistent and necessary according to the whole institutional idea of economics as a process rather than a system.

Wesley Clair Mitchell (1874-1948)

In many respects Mitchell represents the high watermark of Institutional thought. As is well known, his work has been largely concentrated on the institutions of money, prices, and cycles and has carried with it a highly statistical character. In fact, Homan calls Mitchell "the apostle of quantitative analysis."¹³⁵ Nevertheless, Homan attests to the fact that Mitchell's view

is a moral view, the facts most worth investigating are those most immediately bearing upon the well-being of the social body. Such facts are, of course, present facts. The search for them is dictated by problems of social maladjustment, and the end in view in social amelioration.¹³⁶

Mitchell stated his own viewpoint on this aspect of the question as follows: ". . . quantitative work cannot dispense with distinctions of quality. In the thinking of competent workers, the two types of analysis will co-operate with and complement each other as peacefully in economics as they do in chemistry."¹³⁷ But, of course, qualitative elements in economics introduce moral elements. Mitchell does not shrink from these; neither does he concentrate on them. True to the Institutional idea, all studies of institutions for him are organic parts of one whole, and there is a close organic relationship between economic theory and applied economics.¹³⁸

When discussing a strictly economic topic, such as "The Role of Money in Economic Theory," he lets it be known that he is aware that

. . . economic life may be regarded finally as the process by which a community seeks its material welfare. . . .

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Now our interest in economics centers in its bearing

upon social welfare in the present and proximate future. . . . In the interests of social welfare itself we need clearer insight into the industrial process of making goods, the business process of making money, and the way in which both sets of activities are related to each other and to the individual's inner life.¹³⁹

Thus Mitchell is fully aware of the welfare elements hovering in the background of many economic questions but quite soundly urges the necessity of first being armed with a full analysis of the nature of economic institutions. Any type of data which will explain the institution under examination is admitted. The theory of evolution, as well as that of pragmatism, underlies his thought,¹⁴⁰ and, although Mitchell focusses almost the whole of his scholarly efforts on the quantitative aspects of economics, he is cognizant of the more-than-economic elements in any economic problem, and of a moral purpose or justification for economic activity.

Albert Benedict Wolfe (1876-)

A. B. Wolfe devotes much of his effort to the ethical aspects of economic life and insistently calls for a consideration of the ethical implications of economic data. In his presidential address to the American Economic Association (1944) Wolfe fairly trumpets his conception of the normative nature of economic science, all the while yielding to none in his appreciation of the purely scientific side of economics.

It may seem that I am bent on breaking down the line-fence between economics and political science, and between these two disciplines on one side and social or moral philosophy on the other. That, indeed, is precisely my intent. In all handling of factual data, and in all logical analysis, I am as much convinced of the necessity for scientific objectivity as the most lily-white, "pure" economist can be. But I am unwilling to regard any social science as merely an indoor sport. Economics and political science are pur-

positive sciences. Being purposive, they must be concerned with ends as well as instrumentalities. This means they cannot escape value-judgments.¹⁴¹

This is no recently adopted position with Wolfe, but one that he has consistently held through the years. In the "Round Table Conference on the Relation between Economics and Ethics" (American Economic Association, 1921) he argued forcefully on the side of those who were sceptical of the isolation of value judgments from the study of economic data.

The mechanistic analysis of the detail and machinery of business and price economics is relatively superficial and futile without an equally painstaking and objective analysis of the ends which this machinery is supposed to serve.

The continued attempt to keep ethics and economics divorced, and the delusive claim that they are divorced, should cease. There should be at least a respectable number of economic theorists not afraid to grapple with fundamental problems.¹⁴²

In the Tugwell volume, *The Trend of Economics* (1934), Wolfe notes that very few of the Association's presidential addresses are purely scientific and that ". . . standard treatises, like those of Taussig, Ely, Seager, and Seligman, . . . make little attempt to avoid expression of opinion on matters of policy, even where policy may involve a conflict of ethical valuations."¹⁴³ Arguing for a functional rather than a merely descriptive science which turns over its data to the ethicist or sociologist, he says:

The attempted restriction of the function of economics to factual description does not work out in practice, and if it did it would be unacceptable as a definition, because it mistakes a part for the whole—the data of economics for economics.¹⁴⁴

Since, in his presidential address, "Economy and Democracy," Wolfe thinks "Ethical democracy is practically synony-

mous with Christian ethics,"¹⁴⁵ one finds it hard to agree with him later that

The sooner we admit that there is no objective criterion of distributive justice, the better we shall understand the close connection between economics and ethics, and the sooner we shall see that acquisitive conflict is inherent in human affairs, at least in any system based on division of labor.¹⁴⁶

Wolfe's ethics, like much of institutional ethics, appears, then, to be a brand of pragmatism. In the light of the same Christian ethics, in terms of which he defines the ethical aspects of democracy, it is equally difficult to understand the emphasis Wolfe puts on the solution of the population problem as "blocked by religious prejudice,"¹⁴⁷ and the resultant conflict Wolfe sees between "Freedom from Want and Freedom of Worship."¹⁴⁸

Wolfe's conclusion of the presidential address is equally his conclusion on the question of the relation between economics and ethics.

A multitude of technical tasks requires the services of a host of technically trained experts. We have answered this demand, but we have not sufficiently emphasized the solid liberal education necessary to anything more. We tend to leave broad questions of policy to others, or to the unanalyzed prejudices of our own subconscious social philosophy, which we have not had the time, or the courage, to take out and examine. Economists and political scientists have not demanded enough of themselves.¹⁴⁹

Round Table Conference on Economics and Ethics (1921)

The general topic treated in this study has proved of such interest that a round table conference on it was held at the annual meeting of the American Economic Association in 1921. Those participating were Frank H. Knight, Chairman, A. B.

Wolfe, Jacob Viner and H. Gordon Hayes, all of whom argued the necessity of the economist's dealing with the ethical problems implied in his data, while G. A. Kleene and Willford I. King took the opposite point of view. The whole conference is reported in only ten pages in the *Review*, and therefore the viewpoints of the participants are stated merely in the most general terms. Knight held that it was better consciously to bring in ethics rather than to follow the procedure of so many economists, that is, work in terms of unformulated, unconscious ethical standards. He added that we only have to be sure to make it clear when we are stating facts, and when we are passing judgments.¹⁵⁰ A. B. Wolfe's viewpoint has already been treated and need not be extended here. Jacob Viner thought that omitting the ethical element from economics made it non-realistic.

The fact that in the physical sciences ethical considerations play no part has little bearing for the economist. "Scientific method" connotes different things in the field of the social sciences from those in the field of the physical sciences, for these latter are not value sciences, and are not immediately concerned with the evaluation of human behavior. The economist should not refrain from making his special contribution to decisions of public importance because of a doctrinaire adherence to an academic standard of scientific uninterestedness more appropriate—or less wasteful—in the physical laboratory than in the field of the social sciences.¹⁵¹

Viner adds that the whole discussion is virtually unimportant, because in practice the economists continue to strain every effort to make their work socially useful. H. Gordon Hayes made the important point that economic processes eventually have to be appraised by somebody and held that, "Economic processes can be appraised only by economists, that is, by persons who understand the economic processes."¹⁵² Kleene thought "the economist should be ethical, but not his science,"¹⁵³ while W. I. King held economics to be a mathematical science dealing only with

what is, and that the skillful theorist should not "waste his energy in attempting to apply these principles, when men of weaker mental fibre may perform this task far better than he." ¹⁵⁴

There remain now a few American economists who must be treated, at least briefly, either because of the fact that their theoretical contributions were of such eminence as to give them premier rank in the field, or because so much of their thinking was directed along the lines of our topic.

Frank Albert Fetter (1863-1949)

Were it not for the procedure of treating all the American economists together, Frank A. Fetter might well be included with the English welfare economists to be discussed later, since, for Fetter, "The larger, truer political economy is a theory of welfare and not a theory of value." ¹⁵⁵

When addressing himself to the question of the scope of economics in his *Economic Principles* (Vol. I, 1916), Fetter seems to want to exclude ethical and other value considerations from economics. "In pursuing economic inquiries we come into contact with political, legal, and ethical considerations, all of which must be recognized before a final practical answer can be given to any question. Nevertheless, the province of economics is limited. . . ." ¹⁵⁶ The reason for this limitation is that we must study the part before the whole. The synthesis comes later, and, "Whoever attempts this final and more difficult task should rise to the standpoint of the social philosopher." ¹⁵⁷

Fetter, in defining economics, presents the usual conception of it as a science having to do with man making a living, but adds to this a phrase about these activities contributing to the "welfare of men." ¹⁵⁸ Later, under the topic "Value and True Welfare," such things as opium for drug addicts, robbers' pistols,

and the poison with which a lunatic kills a friend are discussed, and Fetter's opinion is that, "The economist must not overlook the injurious results of such uses, and in his final judgments on economic welfare must endeavor to see a larger good than that of the moment and of the individual desire."¹⁵⁹ The work on the whole is as scientific as any text of the time but sets economics in a larger framework. Fetter's ideas on the welfare aspects of the science are fully presented in two articles in *The American Economic Review* (September and December, 1920). Every economist should face this question of price versus welfare economics and make a decision upon it, according to Professor Fetter, since "... clear convictions in this matter are of primary importance to the theoretical progress and to the practical results of economic study."¹⁶⁰ Price problems are put "not at the center of economic interest in the larger and fuller sense, but near the periphery."¹⁶¹ He lists many questions which may be studied in terms of price.

... but always these questions should be studied by the economist with the ever present consciousness that he is not dealing with *ultimate* values in a real political economy but is only measuring certain distorted shadows of individual, or of commercial policy.¹⁶²

And it is imperative for the professional economist to be a welfare economist because

If they and men of their kind and their training cannot succeed in guiding the energies, the aspirations, and the surplus material resources of our nation towards ends that meet the needs of human nature, civilization will fall between the commercial economists on the right, and the revolutionaries on the left, both groups, in their ways, alike inimical to constructive and humane welfare economics.¹⁶³

John Augustine Ryan (1869-1945)

The long-time dean of Catholic economists in the United

States and a co-founder of the Catholic Economic Association (1942) impressed the stamp of ethics upon everything that he wrote, all the while maintaining a scrupulous carefulness in regard to the scientific character of his work. John A. Ryan's definitive work was *Distributive Justice* (1916; 3rd ed., 1942), subtitled, "The Right and Wrong of Our Present Distribution of Wealth." The reviewer in *The New Republic*, Alvin Johnson, called Ryan's work "the most comprehensive and dignified existing treatise on the ethics of economic reform,"¹⁶⁴ and at the same time paid tribute to Ryan as an economist. "His economic scholarship is unimpeachable; survey his writings, and you are forced to the conclusion that among the economists of today there are not many who can match him in command of the literature and in sanity of judgment."¹⁶⁵ As Alvin Johnson indicated, there is no paucity of ethical judgments in economic literature, but most of these are simply derived from common sense rather than any comprehensive system of ethics. Few ethicists are sufficiently competent in the field of economics to adapt ethical principles to economic data, while, on the other hand, few economists have an adequate knowledge of ethics. In Ryan both qualifications are met.

Invited to make a statement of objectives for Catholic economists at the time of the formation of their association, Dr. Ryan considered such aims to be: "To make the ethical aspect of economic doctrine as prominent as possible; to study and recommend reforms in our economic institutions."¹⁶⁶ Nevertheless, the Catholic economist should avoid going to extremes:

... he should not indiscriminately mingle ethical judgments with economic analysis; he should avoid the unpromising position that economics is a normative science instead of a descriptive science. It is both descriptive and normative. In our endeavor to give adequate attention to its normative side, we should not fail to do full justice to its descriptive side. We should neither shrink from passing moral judgments upon the important practices and institutions, nor

minimize the task of economic investigation, analysis and induction.¹⁶⁷

Ryan's position on the ethical element in economics is similar to that of the elder Keynes. This viewpoint is outlined in the present work in the chapter dealing with ethics in contemporary economic thought. Keynes asserts the existence of the three divisions of economics: positive economic science, economics as a branch of applied ethics, and economics as an art, but maintains that the economist may properly confine himself to the positive science, if he wishes. Ryan, however, insists that the economist risks being interpreted as approving what he describes, or at least not disapproving, unless some judgment is expressed. In addition, the economist neglects "the opportunity and duty of contributing to human betterment. . . ." ¹⁶⁸

It can correctly be said of Ryan that few economists have co-ordinated so well the ethical and scientific aspects of economics, all the while maintaining each in its proper sphere.

John Maurice Clark (1884-)

By virtue of his own contributions, this distinguished son of a father who is perhaps without peer in the annals of American economics may not be omitted from an inquiry into the concept of ethics in the history of economics. In his essay on "Socializing Economics" J. M. Clark asks, "Can the theory of economic efficiency stop short of the whole problem of ideals of good conduct and welfare; in short, of morals and ethics?" ¹⁶⁹ Clark's reply: ". . . it is impossible to invent a system of logic so tautologically sterile, or a behaviorism so aridly descriptive, as wholly to prevent the human mind from getting at the inner significance of facts." ¹⁷⁰ There is no antiseptic finality regarding ethics in the thought of this economist; Clark holds it less important to worry about the boundaries of the science and more fruitful to follow an economic inquiry wherever it may lead, and

along whatever lines each investigator is most capable of exploring. Regarding psychology, sociology and ethics: "We should certainly not ignore their work where it touches our problems, and the last thing we should do is to set up premises of our own in these matters which are at war with the generally accepted conclusions of those best fitted to know."¹⁷¹ There must be no contradiction between economics and ethics, nor must the economist, in Clark's viewpoint, refrain from making value judgments about the economic system he is investigating.

It would be a strangely futile state of things in which the proper premises of two sciences should contradict each other, and a still more futile state in which economists might not either justify or criticize the economic system without being accused of going outside the field about which they are supposed to know.¹⁷²

Clark adds, "our studies of exchange values are destined to be judged by this broader criterion, and we might as well prepare them with this in mind."¹⁷³

The third essay in this collection, which demonstrates the primacy of the social element in J. M. Clark's economics, is entitled "The Changing Basis of Economic Responsibility." In it Clark rejects the "... dangerously inadequate idea of bargaining and contract, and ... the equally inadequate idea of business competition as a sort of Darwinian struggle for survival, constantly tending toward the natural selection of the fit. . . ." ¹⁷⁴ Viewing the matter positively Clark finds that "... the great task of the theorist of our tremendously dynamic age is to substitute an economics of responsibility for the economics of irresponsible conflict." ¹⁷⁵ Although the function of the state in economic life is recognized, something more will be needed if we are to avoid the shoals of both Liberalism and Socialism, that is, "a widespread sense of responsibility on the part of a majority of business men, not limited to the letter of the law." ¹⁷⁶ Clark describes the characteristic medieval eco-

conomic institutions as "economic communities," which were "moralized," adding that the present is a "... period of integration and interdependence, in which we must either see our civilization collapse, or develop moralized communities on a national and international scale. And the morality must be one of purposeful co-operation, not resting on custom alone."¹⁷⁷

In the volume on *Social Control of Business* (1926) J. M. Clark consistently maintains the ethical approach outlined in his various essays, even going so far as to treat of the effect on economic life of the wholesale discarding of religion.

... the morality of the class war cannot rebuild society. That requires the morality of co-operation, hence the wholesale discarding of religion has its obvious dangers, especially for a system which must be based on brotherhood. Men can be moral without religion, but it remains to be seen whether a whole people can solve the problem of living together without the help of this most powerful force. Therefore the present period of readjustment is one of truly critical import for the safety of civilization.¹⁷⁸

Limitations of space prohibit a delineation of all the various facets of J. M. Clark's conception of economics as "social." It should not be necessary to do so either. "Social" to him is a term tantamount in connotation to "ethical." He will not be dissuaded in this normative view of economics merely because there has been some "fuzzy" thinking along these lines in the past. He reveals his own balanced point of view and epitomizes his whole approach to economics when he writes:

The cry for "justice, not charity" may cover a deal of hysteria and wrong-mindedness, but it also has a solid basis in scientific fact, and the way to quench the hysteria is to investigate sanely just what the solid basis is. Such studies are the task of experts and specialists. All that is here attempted is to show the important place which such work has ... and to do whatever may be done to hasten by ever so little the growth of a broadened attitude toward the responsibilities of business relationships.¹⁷⁹

Frank Hyneman Knight (1885-)

Knight belongs to that group of American writers who are especially concerned with the ethical aspects of economics. In his words, "Economics and ethics naturally come into rather intimate relations with each other since both recognizedly deal with the problem of value."¹⁸⁰ In fact, for Knight the relationship is so intimate that

The idea of a distinction between economic wants and other wants must be abandoned. There is no definable objective, whether subsistence, gratification of fundamental impulses or pleasure, which will serve to separate any of our activities from the body of conduct as a whole. . . . All ends and motives are economic in that they require the use of objective resources in their realization; all are ideal, conventional, or sentimental in that the attempt to define objective ends breaks down.¹⁸¹

Knight rejects any sort of utilitarian ethics, making a distinction between what is right and what is prudent and declaring that even if we should do what is right because it is prudent, it is nevertheless not right because prudent, but prudent because right.¹⁸² Correctly, Knight rejects "want-satisfaction as the final criterion of value because we do not in fact regard our wants as final."¹⁸³ The social order gives rise to wants and gratifies them as well; ". . . it must be judged ethically rather by the wants it generates, the type of character which it forms in its people, than by its efficiency in satisfying wants as they exist at any given time."¹⁸⁴ The usual ethical justification of *laissez-faire* is also rightly rejected since ". . . in the conditions of real life no possible social order based upon a *laissez-faire* policy can justify the familiar ethical conclusions of apologetic economics."¹⁸⁵ Christian economic-ethics is stigmatized as impossible, among other things:

. . . their records make it clear that the Christian was

expected and in fact required to live a moral life in accord with extremely high and austere standards; indeed, the standards set were impossible to maintain without destroying the material and social basis of life.¹⁸⁶

To go no farther than the economist discussed immediately prior to Knight, it will be recalled that J. M. Clark paid tribute to the Christian ethic of the middle ages and called for "moralized communities" as a means of solving current economic problems. Knight sweeps away Christian ethics as a factor in economic life by the use of such broad, skirting phrases as "patently impracticable,"¹⁸⁷ "impossible to the modern adult mind,"¹⁸⁸ "modern thought tells us," or again, the "personality of the Apostle Paul, . . . by modern standards bordered on morbidity."¹⁸⁹ Christ had no intention of starting a new religion,¹⁹⁰ and John the Baptist was "a mysterious character."¹⁹¹ All these questions are beyond the scope of the present treatise, except as they tend to show the tenor of Knight's thinking and apparently his tendency to rule Christian ethics out of economics by means of verbal broadsides, rather than by close reasoning.

Knight does not seem so clear in revealing his own positive viewpoint as in demolishing the other conceptions. Perhaps some explanation of this is found in the fact that, after having first been Professor of Economics at Chicago, he later metamorphosed into Professor of Social Sciences and also Professor of Philosophy.¹⁹²

Frank Knight speaks of "the futile quest of a *Summum Bonum* by ethical thinkers,"¹⁹³ and of social justice, or the utilitarian conception of freedom from pain, as luxuries, ". . . and too much direct pursuit of the one or the other is not conducive to success, to genuine prosperity or to length of life, for it means interfering with natural processes which are not well understood."¹⁹⁴ His own ethics, with its stress on natural processes and lack of definable objective ends, appears as high grade psychology. "He considers Ethics and Economics axiologic

sciences and submits the connection between them to psychological analysis." ¹⁹⁵

His strictures on the modern competitive system, capable of being arrived at in many cases from ordinary common sense, are clearer than his theoretic ideas on the relationship between ethics and economics.

Raymond Taylor Bye (1892-)

Raymond T. Bye yields to none in the scientific quality of his work and yet is an economist who so definitely and clearly, and with balance and restraint, conceives the role of ethics in economics, that it will be fruitful to conclude this survey of ethics and economics in American thought with his contribution to that question. In his texts, all economics is divided into pure economics, or the nature of economic phenomena; economic ethics, or trying to reach some conclusion concerning the effects of economic phenomena on human welfare; applied economics which seeks to utilize the knowledge obtained from pure economics and from economic ethics in the effective promotion of human welfare. ¹⁹⁶

Writing in the *Journal of Political Economy*, October, 1939, Bye maintained the importance of both the pure economist and the pure ethicist but argued for something more, a proper coordination of the work of the two.

There need be no quarrel with either of these individuals; (pure ethicists or pure economists) but someone must bring the two fields together in a consideration of problems in which both are involved, and each subject will be barren if this joining together for the consideration of problems of welfare does not take place. The division of economics into pure, ethical, and applied gives recognition to the distinction between pure description, appraisal, and prescription which the purists emphasize, but at the same time it allows a conception of economics sufficiently comprehensive in scope to include everything that can reasonably be brought within the meaning of the term. ¹⁹⁷

According to Professor Bye, "the definition of economics must be broad enough to include description, appraisal, and prescription—examination, diagnosis, and therapy."¹⁹⁸ He cautions against allowing ethical preconceptions to becloud the accuracy of the economist's observations, but sees this as no reason for leaving the treatment of the ethical implications of economic data to someone other than the economist.

Consideration of problems of welfare need not preclude the rigorous and impartial pursuit of truth, provided that analysis is separated into appropriate parts in such a way that ethical preconceptions are not allowed to interfere with accuracy of observation and generalization.¹⁹⁹

Bye conceives of all the social sciences as having zones of partially mutual jurisdiction. He represents this by offering for illustration a group of circles, one in the center with the others revolving at its circumference, but each slightly overlapping the center circle. If we call the center circle economics, and give to the circles on its circumference the titles of sociology, political science, psychology, and ethics, we see graphically depicted the relationship between economics and the various social sciences. Each has its independent sphere, yet each overlaps economics at the periphery, since all deal with human and social phenomena. Professor Bye goes on to point out that the relationship between economics and ethics is not a special case in principle but assumes special importance because it has occasioned so much discussion in the history of economics.

Bye concludes: "Why, then, not frankly recognize and face the relationship between them? Rigid separation of the two springs from a forced and mistaken effort to identify economics with pure science."²⁰⁰

With but few exceptions, both earlier and later American thought recognizes normative aspects in economics. Normano

sees the future of American economics as bound up with whether it continues this tradition, or reverts to a narrower conception of economics. In the latter case he is unable to hold out any great hope.²⁰¹

FOOTNOTES CHAPTER IX

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CHAPTER X

CONTEMPORARY ECONOMIC THOUGHT

THERE REMAINS NOW to examine the concept of ethics in the work of contemporary British and Continental economists. "Contemporary" is a term which will admit of some latitude in definition. Paul T. Homan speaks of the difficulties of treatment engendered by "the absence of perspective which inevitably attaches to general inquiries into contemporary thought. . . ." He also discovers it impossible "to find any scheme of classification by which a large number of economists could be domesticated to orderly treatment," and, therefore, decides on "setting alongside each other a series of personal studies. . . ." ¹ There will, then, of necessity be a certain degree of discreteness, doctrinal if not temporal, among the economists discussed in the present chapter. Without straining a point, contemporary economics may be interpreted to include that body of economic thought which is substantially post-Historist and post-Marginalist. The Neo-Classical School, with its blending of the old Classical and Marginal tradition, and the Welfare School encompass a sizable area of contemporary economics, but there are, in addition, economists who do not properly belong to any group and who have made significant contributions within

the last generation or more, either to the science itself, or to the particular question treated in this study. The date of the publication of each author's principal work will be the point of reference for including him as contemporary, rather than his birth-death brackets.

Contemporary British Economic Thought

Henry Sidgwick (1838-1900)

The work of Sidgwick may be viewed as a connecting-link in the transition from the older Classicism to Neo-Classicism. He is another of those economists who came to economics by way of moral philosophy, and perhaps his most significant contribution to economics lay on the ethical side. He is generally regarded as a utilitarian, but not of the cruder hedonic type. Boucke says Sidgwick found utilitarianism wanting;² he deemed a materialistic hedonism unsatisfactory and set up a special faculty of "moral sense" as the arbiter of the "good." He applied this system of ethics in his economics.

... in the performance even of the ordinary industrial functions with which economic science is primarily concerned men are not influenced merely by the motive of self-interest as economists have sometimes assumed, but also extensively by moral considerations. Hence it would seem that an Art of Political Economy is incomplete without some consideration of the principles that ought to govern private conduct in economic matters.³

Suranyi-Unger maintains that Sidgwick was a skeptic and recommended a belief in God and morality only for reasons of social utility.⁴

The Principles of Political Economy (1883) is Sidgwick's

principal economic work, and the space he devotes to ethical questions is considerable when judged by the average text of a similar nature published during this period. He begins by acknowledging the advantages resulting from separating the study of the science from the art of political economy, but insists that "the separation is only partial";⁵ ". . . it is clearly not enough for practical purposes to determine what kind of effects on incomes and prices will be produced by any measures: we have further to consider whether these effects are desirable or the reverse."⁶ Sidgwick is specially impressed with the necessity for considering the ethical element in distribution, and Book III, Chapter VI, deals with "The Principles of Distributive Justice." Chapter IX of the same book examines the question of "Political Economy and Private Morality." "We cannot determine what government ought to do without considering what private persons may be expected to do; and what they may be expected to do will, to some extent at least, depend on what it is thought to be their duty to do."⁷ Such ethico-economic questions are discussed as, "Is *A* justified in taking any advantage that the law allows him (1) of the ignorance and (2) of the distress of *B*—supposing that *A* is not himself the cause either of the ignorance or of the distress?"⁸ While Sidgwick takes a moderately idealistic viewpoint on matters of social policy, he does not seem to have been able completely to free himself from some of the grosser aspects of utilitarianism; he contends that

. . . if a man has discovered by a legitimate use of geological knowledge and skill, that there is probably a valuable mine on a piece of land owned by a stranger, reasonable persons would not blame him for keeping the discovery secret until he had bought the land at its market value.⁹

So much was Sidgwick committed to the individualistic competitive principle that he thought that if we condemn "sweaters," and others who "grind the faces" of the poor by taking

full advantage of competition,

... it should be rather for want of benevolence than for want of justice; and the condemnation should be extended to other persons of wealth and leisure who are aware of this disease of the social organism and are making no efforts to remove it.¹⁰

Sidgwick differs from other authors, who orient economics towards ethics, more in the extent to which he makes application of moral principles and points up ethical implications of relationships in the economic sphere, than in his fundamental conception of the relationship between the two disciplines. His ethics is a form of attenuated utilitarianism.

Alfred Marshall (1842-1924)

The average student cannot but be deeply cognizant of the fact that in Alfred Marshall is encountered an intelligence and a spirit such as is met less than half a dozen times in the history of economics. He, more than any one else, achieved the fusion of the Classical and Marginist doctrine into the richer and more correct Neo-Classical statement of economics and colored the whole with strong ethical shades.

At a meeting for a Sidgwick Memorial on Nov. 16, 1900, Marshall acknowledged in fulsome terms his relationship to Sidgwick, and although Marshall called himself in substance Sidgwick's "'pupil in Moral Science,'" ¹¹ the relationship appears to the objective reader to have been much more fatherly and personal, than doctrinal. It is almost an understatement to say that Marshall did not depart in the slightest from Sidgwick's notion of the importance of the relationship between ethics and economics. Keynes, in his own inimitable way, attests to the ethical character of Marshall's thought when he says that "Alfred Marshall belonged to the tribe of sages and pastors; yet, like them also, endowed with a double nature, he was a

scientist too.”¹² He continues by calling attention to the dual aspects of Marshall’s work, the ethical and the scientific, and concludes that

Nevertheless, it was to the first side of his nature that he himself preferred to give the pre-eminence. This self should be master, he thought; the second self, servant. The second self sought knowledge for its own sake; the first self subordinated abstract aims to the need for practical advancement. The piercing eyes and ranging wings of an eagle were often called back to earth to do the bidding of a moraliser.¹³

So much was this true in Keynes’ estimation that he thought

. . . Marshall was too anxious to do good. He had an inclination to undervalue those intellectual parts of the subject which were not *directly* connected with the well-being of the condition of the working classes or the like, although *indirectly* they might be of the utmost importance and to feel that when he was pursuing them he was not occupying himself with the Highest.¹⁴

The average economist can only hope to be too anxious to do good in the Marshallian sense, and to fall short scientifically no further than Marshall. A. C. Pigou is equally pointed in characterizing Marshall as an economist in whose thought ethical considerations loomed large. As with the Greeks, economics for Marshall was a handmaiden of ethics.

Starting out then with the firm view that economic science is chiefly valuable, neither as an intellectual gymnastic nor even as a means of winning truth for its own sake, but as a handmaid of ethics and a servant of practice, Marshall resolutely set himself to mould his work along lines conforming to that ideal.¹⁵

Marshall himself discloses that he came to economics via metaphysics and ethics.

“From Metaphysics I went to Ethics, and thought that the

justification of the existing condition of society was not easy. A friend, who had read a great deal of what are now called the Moral Sciences, constantly said: 'Ah! if you understood Political Economy, you would not say that.' So I read Mill's Political Economy and got much excited about it. I had doubts as to the propriety of inequalities of opportunity, rather than of material comfort. Then, in my vacations I visited the poorest quarters of several cities and walked through one street after another, looking at the faces of the poorest people. Next, I resolved to make as thorough a study as I could of Political Economy."¹⁶

Through the good offices of some of his friends Marshall was appointed a lecturer in moral sciences at St. John's in 1868. He read widely in economics during his tenure there and settled down to teaching that subject, although for a time he gave courses on the other branches of Moral Science. The sense of deep moral purpose which animated Marshall in the study of economics is highlighted by the oft-told story of his having bought and hung over his mantle the painting of the face of a man who had lived in dire poverty.

"I set it up above the chimney-piece in my room in college and thenceforward called it my patron saint, and devoted myself to trying how to fit men like that for heaven. Meanwhile, I got a good deal interested in the semi-mathematical side of pure Economics, and was afraid of becoming a mere thinker. But a glance at my patron saint seemed to call me back to the right path. That was particularly useful after I had been diverted from the study of ultimate aims to questions about Bimetallism, etc., which at one time were dominant. I despised them, but the 'instinct of the chase' tempted me towards them."¹⁷

That he brought this same moral zeal to his position as Professor at Cambridge is evidenced by his inaugural lecture (1885):

"It will be my most cherished ambition, my highest endeavour, to do what with my poor ability and my limited strength I may, to increase the numbers of those whom

Cambridge, the great mother of strong men, sends out into the world with cool heads but warm hearts, willing to give some at least of their best powers to grappling with the social suffering around them; resolved not to rest content till they have done what in them lies to discover how far it is possible to open up to all the material means of a refined and noble life."¹⁸

The fact that Marshall had had a mathematical training and had intended to do work in molecular physics¹⁹ may not be without significance in explaining the sound scientific character which went along with the profound moral predisposition in his thought.

The *Principles of Economics*, which is the earlier of what are perhaps his two most important treatises, was published in 1890. The average reviewer at the time "delighted Marshall by calling attention to the proper stress laid by him on the ethical element and to the much required humanising which the dismal science received at his hands. . . ." ²⁰ In the preface of this work, holding true to the English scientific tradition, Marshall states that "the Laws of Economics are statements of tendencies expressed in the indicative mood, and not ethical precepts in the imperative."²¹ He immediately adds, however, that

... ethical forces are among those of which the economist has to take account. Attempts have indeed been made to construct an abstract science with regards to the actions of an "economic man," who is under no ethical influences and who pursues pecuniary gain warily and energetically, but mechanically and selfishly.²²

Needless to say, he did not think such attempts successful, or capable of success. The whole ethical orientation which Marshall gives to economics is indicated at the outset in the *Principles* by Marshall's view that the answer to the question whether poverty is necessary ". . . depends in a great measure upon facts and inferences, which are within the province of

economics, and this it is which gives to economic studies their chief and their highest interest." ²³ In the same introductory chapter his readers are told: "No doubt men, even now, are capable of much more unselfish service than they generally render: and the supreme aim of the economist is to discover how this latent social asset can be developed most quickly, and turned to account most wisely." ²⁴ Marshall concedes to none in his conception of the scientific nature of economic inquiry, but he insists that all relevant facts and forces be taken into account and, when making "broader use" of economic studies, when applying them to practical problems, ". . . the economist, like every one else, must concern himself with the ultimate aims of man, and take account of differences in real value between gratifications that are equally powerful incentives to action and have therefore equal economic measures." ²⁵ He resolves the whole question by saying: "The less we trouble ourselves with scholastic inquiries as to whether a certain consideration comes within the scope of economics, the better. If the matter is important let us take account of it as far as we can." ²⁶ He thought that, if it was impossible to bring a particular matter to the test of exact economic analysis, then it obviously would have to be omitted from economic studies. But it must always be remembered "that some sort of account of it must be taken by our ethical instincts and our common sense. . . ." ²⁷

Reference to ethics in Marshall's *Principles* is not scattered indiscriminately through the work, but for the most part confined to the introductory chapters and to the final chapter of the last book which discusses "Progress in Relation to Standards of Life." Since this is the book dealing with distribution, one would almost certainly expect the ethical element to enter here, if anywhere. One exception to Marshall's general procedure with regard to ethical references throughout the work is found in Book III, Chapter VI, on "Value and Utility." He

cannot fail to conclude that chapter without discussing the "Broader Aspects of the Utility of Wealth." While he employs none of the Veblenian jargon, Marshall does express disapproval ". . . of that unwholesome desire for wealth as a means of display which has been the chief bane of the well-to-do classes in every civilized country."²⁸ Then he sets up his general canon with regard to the use of wealth:

So long as wealth is applied to provide for every family the necessities of life and culture, and an abundance of the higher forms of enjoyment for collective use, so long the pursuit of wealth is a noble aim; and the pleasures which it brings are likely to increase with the growth of those higher activities which it is used to promote.²⁹

Marshall stigmatized the distribution of the national income as "bad," but "not nearly as bad as is commonly supposed."³⁰ A lengthy examination with the view to determining the rectitude of this conclusion is not necessary for this paper. The significant fact is that Marshall had an ethical as well as an economic canon for distribution; furthermore, he was aware that his attitude was a cautious one.

But this cautious attitude does not imply acquiescence in the present inequalities of wealth. The drift of economic science during many generations has been with increasing force towards the belief that there is no real necessity, and therefore no moral justification for extreme poverty side by side with great wealth.³¹

The term "economic chivalry" was one of Marshall's coining, and it is of note that in a text on the principles of the science he did not fail to mention the "social possibilities of economic chivalry."³² The warm humanitarian spirit which permeates his economics is evidenced by his remarks regarding young people:

. . . it is the young whose faculties and activities are of

the highest importance both to the moralist and the economist. The most imperative duty of this generation is to provide for the young such opportunities as will both develop their higher nature, and make them efficient producers.³³

But this latter condition implies decent conditions for their parents, also, and this from a moral as well as an economic point of view. "Even if we took account only of the injury done to the young by living in a home in which the father and mother lead joyless lives, it would be in the interest of society to afford some relief to them also."³⁴

The idea must not be gotten that Marshall in any way failed to appreciate the scientific aspect of economics. In Appendix C on "The Scope and Method of Economics" he expresses the opinion that, "Economics has made greater advances than any other branch of the social sciences, because it is more definite and exact than any other."³⁵ But he allows each economist to decide for himself "how far he will extend his labours over that ground" which is not wholly economic, but largely so. The main point Marshall insists upon is that if the economist "does his work carefully, and with a full consciousness of its limitations, he will have done excellent service."³⁶

The second of Marshall's two most important works, *Industry and Trade* (1919), appeared almost thirty years after the *Principles*. Marshall still maintains his normative conception of the science. In fact, this work has an appendix on "Method in Economic Study" which in one section treats of "Relations between Economic Analysis and Ethical Aspirations." In his opening pages Marshall mentions this appendix and says that it

... contains a few remarks on the relations between the economic and ethical conditions of well-being, none of which may be ever left out of sight, though the economic conditions are necessarily the more prominent in such a study as the present.³⁷

The keynote of the "remarks" to which Marshall refers above is that the economist must at times go beyond the purely economic, but should clearly indicate when he is so doing.

... economic studies are not to be limited to matters which are amenable to strictly scientific treatment. But those conclusions, whether in detail or in general, which are based on individual judgments as to the relative desirability of different social aims, or as to matters of fact which lie beyond the scope of any individual's special studies, should be clearly distinguished from those which claim to have been reached by scientific method.³⁸

While this work does not have as many ethical references as the *Principles*, nevertheless the reviewer for the *Athenaeum*, October 31, 1919, complained of its moral tone as being out of place in a scientific work.³⁹

Marshall was instrumental in the foundation of the economics tripos at Cambridge. In his little work, *The New Cambridge Curriculum in Economics* (1903), he sets forth a program in which ethics again plays a definite part; "... strictly scientific questions are interwoven with political and ethical considerations in all discussions relating to the Economic Functions of Government and Fiscal Policy."⁴⁰ Still further: "In the papers on General Economics special attention shall be paid to Public Finance and Economic Functions of the Government, local as well as central. The papers shall also include questions on the ethical aspects of economic problems."⁴¹

A brief consideration of the type of ethics espoused by Marshall is now desirable before concluding the discussion of this phase of his work. He rejected any form of evolutionary pragmatism, holding that the argument that if any change in industrial society had been beneficial, "it would have been already brought about by the struggle for survival, must be rejected as invalid."⁴² He also tried to free himself from the hedonistic ethics of utilitarianism. This is evidenced by "the device of using money as an objective measure of otherwise

unmeasurable human motives." ⁴³ Homan thinks that Marshall was successful in avoiding utilitarian ethics, if not psychology. ⁴⁴

Macfie warns that, since Marshall "left no intellectual description of his moral beliefs," no one has any right "to undertake such a personal reconstruction, except perhaps a very intimate personal friend." ⁴⁵ From an examination of his major writings we have just seen something of the social fervor of Marshall's conscience. Macfie contends that for Marshall "this conscience was an ultimate; it was no mere means to a further utilitarian end." ⁴⁶ Lord Keynes also finds him something more than a utilitarian.

It would be true, I suppose, to say that Marshall never departed explicitly from the Utilitarian ideas which dominated the generation of economists which preceded him. But it is remarkable with what caution—in which respect he goes far beyond Sidgwick and is at the opposite pole from Jevons—he handled all such matters. There is, I think, no passage in his works in which he links economic studies to any ethical doctrine in particular. The solution of economic problems was for Marshall not an application of the hedonistic calculus, but a prior condition of the exercise of man's higher faculties, irrespective almost of what we mean by "higher." ⁴⁷

Homan characterizes Marshall's attitude in early life as that of "intellectual agnosticism," ⁴⁸ while Schumpeter finds that he accepted the "utilitarianized and detheologized Christianity that prevailed" ⁴⁹ among English intellectuals at the close of the nineteenth century. One will search in vain in Marshall's writings for anything but a sympathetic attitude toward religion. He was not like Mill in this respect. A letter of Marshall's dated January 18, 1918, reveals his view that "'Among the happiest of men, are those who have gone through great tribulation, and have worked through it all to a noble life, ever nearer their Ideal, ever nearer to God.'" ⁵⁰ Although Marshall was not a formal religionist, such considerations as the above cannot but have colored his ethical system even though Marshall never

completely exposed the latter publicly.

The identifying and summarizing feature of Alfred Marshall's thought, and almost the mainspring of his efforts, was his ethical outlook joined at the same time to sound science. Davenport considers Marshall's pronouncements on welfare topics "temperate, well-informed, wise and wholesome. But were they not so, or even also were his theology bad, his economic analyses and generalizations need not thereby be the worse."⁵¹ Sir Arthur Salter concludes that Marshall "was a better economist for being more than an economist."⁵² Barbara Wootton can offer the economists nothing but "lament for economics" unless they follow the Marshallian tradition in this latter respect, at least.

... the economists of to-day may well find that the only alternatives open to them are either to accept their own extinction; or to reassert their title to the vague and extensive realm to which Marshall long ago laid claim—to set up, in fact, as students of "mankind in the ordinary business of life," or of such "individual and social action as is most closely connected with the attainment and with the use of the material requisites of well-being."⁵³

Philip H. Wicksteed (1844-1927)

Although leaning heavily on the Austrian doctrines, Wicksteed, a member of the Cambridge School founded by Marshall, presents an economics in the ethical tradition of the master. Overshadowed in part by some of the giants of the age, he too accounted it part of *The Common Sense of Political Economy* (1910) that

... we shall not exclude from our studies the consideration of ends and of those general purposes and impulses which determine the drift and flow of our energies. The movement can hardly be studied intelligently if we have taken vows at the outset never to think of the motive. . . . The study of the problems of industry, then, . . . must be inspired by social ideals; and even if we exclude the direct

consideration of the latter from some parts of our investigation, it will still be for their bearings upon them that we value our results.⁵⁴

Wicksteed attaches an ethical pendant to the title of his treatise—it reads, “Including a Study of the Human Basis of Economic Law.”

The Cambridge economist is sufficiently devoid of purist timorousness to declare that

... no one who is dealing with mere questions of administration is really touching the vital spot. The man who can make his fellows desire more worthily and wisely is doubtless performing a higher task than the one who enables them more amply to satisfy whatever desires they have.⁵⁵

When speaking of the relation of the enlightened student of political economy to economic forces, he contends that

... it is our business in every instance to endeavour to yoke these forces, where we can, to social work, and to restrain them, where we can, from social devastation; never to ignore them, never to trust them without examination; and no more to take it as axiomatic that they will work for social good, if left alone, than we should take it for granted that lightning will invariably strike things that are “better felled.”⁵⁶

The work closes on a note which is eschatological as well as normative.

And finally, how are we individually to “prepare for the Kingdom”? By learning to find our chief delights in the things which all may share and which are the solace not of our class, but of our humanity. By learning to rejoice in the common weal. . . .⁵⁷

John Neville Keynes (1852-)

The elder Keynes, although surpassed by his more famous

son, and perhaps as well by some of the other economists of the last half century, has assured himself a place in the history of the science by virtue of his excellent contribution on *The Scope and Method of Political Economy* (1890).

Keynes makes a threefold distinction among "economic uniformities, economic ideals, and economic precepts."⁵⁸ The first is the positive science or body of systematic knowledge dealing with what is; the second the normative science, a body of systematic knowledge dealing with what ought to be; and finally art, or rules for the attainment of a given end.⁵⁹ And, "Intimate as are the connexions between the above kinds of enquiry, they are in themselves distinct in character, and belong to different departments in a classification of knowledge."⁶⁰

J. N. Keynes repeatedly and insistently maintains that there must, however, be a separate theoretical science of economics. One of the more succinct of the many passages in which he expounds this view argues that

If political economy regarded from the theoretical standpoint is to make good progress, it is essential that all extrinsic or premature sources of controversy should be eliminated; and we may be sure that the more its principles are discussed independently of ethical and practical considerations, the sooner will the science emerge from the controversial stage. The intrusion of ethics into economics cannot but multiply and perpetuate sources of disagreement.⁶¹

It is acknowledged by Keynes that the "positive enquiry" cannot be the stopping point, however.

No one desires to stop short at the purely theoretical enquiry. It is universally agreed that in economics the positive investigation of facts is not an end in itself, but is to be used as the basis of a practical enquiry, in which ethical considerations are allowed their due weight.⁶²

One may concur in Keynes' contention without being as sanguine as he regarding its universal acceptance. Keynes disagrees

with some of the earlier economists when he writes:

Economic phenomena depend upon the activity of free agents, whose customary behaviour may be modified not merely by legislative interference, but also by changes in their own moral standard, or in the social pressure brought to bear upon them by public opinion, and it follows that, in general, we are not justified in assuming finality in regard to concrete industrial facts, or in affirming that, in the economic world, what is, must be.⁶³

And, "It may be added that the moral character of economic phenomena varies even when their scientific character is the same."⁶⁴

In all applications of economic principles, ethical elements must be accounted for: "... no solution of a practical problem, relating to human conduct, can be regarded as complete, until its ethical aspects have been considered."⁶⁵ Keynes gives no comfort to those who would seek to find in his eminently scientific approach any disregard of the ethical content of economic life.

Nothing can be more deplorable than that the economists should be understood to imply that, in his industrial dealings, a man is freed from the ordinary obligations of justice and humanity. To refer an injustice in the economic world to demand and supply may possibly account for it; but it cannot seriously be maintained that from the point of view of the moralist or the social reformer this settles the matter. It needs no proof that neither economic activities nor any other class of human activities can rightly be made independent of moral laws.⁶⁶

Keynes took a rather matter-of-fact approach in assuming that substantially all other contemporary economists held a view similar to his on "the ethical question." When forced to the point, some may admit that extra-economic factors have to be taken into consideration by someone, not usually the economist, but one will look in vain in the works of some economists

for the distinct acknowledgement of a normative branch of economics such as that presented by Keynes. J. N. Keynes' position may be summarized in his own words:

It is, in other words, held to be possible for the economist to steer a middle course, neither assuming throughout the whole range of his investigations an entirely unreal simplicity, nor, through the neglect of that specialization which has been found indispensable in the physical sciences, allowing himself to be hopelessly baffled by the complexity of the actual phenomena.⁶⁷

Arthur Cecil Pigou (1877-)

Marshall's pupil and successor to his chair at Cambridge, one of the most distinguished in the world, has carried on and extended many of the doctrines and viewpoints of his former teacher. Macfie believes "the mood of disciplined social fervour is the same"⁶⁸ in Pigou as with Marshall. Although Pigou entitled what is perhaps his major contribution *The Economics of Welfare* (1920), in that work he rigidly defined economics as a positive science. "It is a positive science of what is and tends to be, not a normative science of what ought to be."⁶⁹ Economic welfare is defined as "that part of social welfare that can be brought directly or indirectly into relation with the measuring-rod of money."⁷⁰ As Hobson critically observes, the title of the work leads the reader to believe that he will find a complete examination of the contribution of economics to human welfare in general.⁷¹ The delimiting statements in the opening chapter shun such a broad task, however. And Pigou, citing Cannan, asserts that

... though no precise boundary between economic and non-economic welfare exists, yet the test of accessibility to a money measure serves well enough to set up a rough distinction. Economic welfare, as loosely defined by this test, is the subject-matter of economic science.⁷²

The real difficulty which presents itself is "... not that economic welfare is a bad index of total welfare, but that an economic cause may affect non-economic welfare in ways that cancel its effect on economic welfare. This objection requires careful consideration."⁷³ For instance, the way in which income is earned may be so detrimental to non-economic welfare as to offset the economic welfare gained thereby. And there Pigou has parachuted straight into the territory of ethics. Nevertheless, he thinks that his "... discussion makes it plain that any rigid inference from effects on economic welfare to effects on total welfare is out of the question."⁷⁴ And further on, in Part II, Chapter I, Pigou is found seeking

... to bring into clearer light some of the ways in which it now is, or eventually may become, feasible for government to control the play of economic forces in such wise as to promote the economic welfare, and through that, the total welfare of their citizens as a whole.⁷⁵

When discussing wages, Pigou is interested in "Interference to Raise Wages in Places and Occupations Where They Are Unfair," and is of the opinion that

... they ought to be raised far enough to yield a decent subsistence to the average worker; a "decent subsistence" for the average man and the average woman respectively being interpreted in the light of the fact that the former has, and the latter has not, to support a family.⁷⁶

Pigou's proposal to treat in isolated fashion economic welfare alone is open to weighty objection but is modified by his conclusion that "it is safe to work for economic welfare without taking account of non-economic forces only 'among nations with a stable general culture.' "⁷⁷

Pigou's thought definitely shows the influence of Sidgwick's type of utilitarianism. Social welfare is the sum of individual welfare, and this depends on the balance between individual

satisfactions and dissatisfactions.⁷⁸ Not the size of the national income alone, according to Pigou, makes for general welfare, but also the way in which it is distributed.⁷⁹

A. C. Pigou may share other similarities with Marshall, and although he drifts out into the wide sea of general welfare, when consciously addressing himself to the question, he is much more explicit in his restriction of the scope of economics.

John Maynard Keynes (1883-1946)

The opponents of an economics which is partially normative usually set themselves up as the defenders of pure science, those who will save their less close-reasoning brethren from inexactitude, to say nothing of outright loose-thinking, even sentimentality. In Lord Keynes they have been confounded. For who will gainsay his position as a premier economic theorist of modern times? And yet, over all his writing, from the first to the last, is a corona of ethics. Economics for Keynes is ". . . our own most agreeable branch of the moral sciences, in which theory and fact, intuition and imagination, are blended in a manner comfortable to the human intellect."⁸⁰ Mabel Timlin calls *Keynesian Economics* (1942) a synthesis of the thesis of the liberalism of men like Hayek, von Mises, Robbins on the one hand, and the antithesis of Marxianism, or of the organic concepts of Spann and others.

It is not strange that one of these syntheses should have been achieved at Cambridge. The concept of welfare in economic theory has had a considerable history there. Nevertheless even there it remained a qualifying and conditioning element upon the theoretical structure rather than an integral part of it.⁸¹

Correctly, one does not expect an economist to discuss ethics when he should be elucidating economic phenomena, but one may expect him to be cognizant of the ethical implications of

his data. Keynes never hesitates to exhibit a deep awareness of the moral element in an economic question without, at the same time, confusing that element with the economic, or neglecting the latter.

In the work which first brought him into world-wide prominence, *The Economic Consequences of the Peace* (1920), J. M. Keynes is concerned with the economic soundness of the peace treaties but writes:

I cannot leave this subject as though its just treatment wholly depended either on our own pledges or on economic facts. The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable,—abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if it did not sow the decay of the whole civilized life of Europe. . . . Nations are not authorized by religion or by natural morals, to visit on the children of their enemies the misdoings of parents or of rulers.⁸²

In the same work, in the final chapter, devoted to "Remedies," after having offered economic remedies, he does not leave his subject without declaring that "the dissipation of hate, and enlargement and instruction of men's hearts and minds, must be the means."⁸³ But, unfortunately, "Never in the lifetime of men now living has the universal element in the soul of man burnt so dimly."⁸⁴ The Cambridge tradition allowed of no mere piling up of facts without an indication of their wider cause and significance.

In *The End of Laissez-Faire* and in *Laissez-Faire and Communism* (both 1926) *laissez-faire* is rejected as unrealistic:

The conclusion that individuals acting independently for their own advantage will produce the greatest aggregate of wealth, depends on a variety of unreal assumptions to the effect that the process of production and consumption are in no way organic. . . .⁸⁵

Keynes for the most part writes as a pure scientist but will not fail to indicate the fact when he thinks that the real problem lies beyond economics:

Nor must I, so near to my end, stray towards other fields. Nevertheless I may do well to remind the reader in conclusion, that the fiercest contests and the most deeply felt divisions of opinion are likely to be waged in the coming years not round technical questions where the arguments on either side are mainly economic, but round those which for want of better words, may be called psychological, or, perhaps moral.⁸⁶

The modern economic problem is not just the production and consumption of wealth, "Our problem is to work out a social organisation which shall be as efficient as possible, without offending our notions of a satisfactory way of life."⁸⁷ Therefore, Keynes "begins to wonder whether the material advantages of keeping business and religion in different compartments are sufficient to balance the moral disadvantages."⁸⁸

Every serious student of economics is acquainted with the prominence given in the Keynesian analysis to the question of "saving and oversaving," but it may be revealing to note it as a moral as well as an economic problem according to Keynes.

At any rate to me it seems clearer every day that the moral problem of our age is concerned with the love of money, with the habitual appeal to the money motive in nine-tenths of the activities of life, with the universal striving after individual economic security as the prime object of endeavor, with the social approbation of money as the measure of constructive success, and with the social appeal to the hoarding instinct as the foundation of the necessary provision for the family and for the future.⁸⁹

Keynes leaves little comfort for the utilitarians, saying that

One can sympathise with the view of Coleridge, as summarised by Leslie Stephen, that "the Utilitarians destroyed every element of cohesion, made Society a struggle of selfish interests, and struck at the very roots of all order, patriotism, poetry, and religion."⁹⁰

The *Essays in Persuasion* (1932) cannot be looked upon as a systematic contribution, but, nevertheless, they do provide the reader with remarkable insight into the socio-ethical attitudes of this great economist and show, not without a trace of humor, his subordination of economics to "matters of greater and more permanent significance."

. . . do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists—like dentistry. If economists could manage to get themselves thought of as humble competent people, on a level with dentists, that would be splendid! ⁹¹

The economic as well as the human effects of inflation are indicated.

The Inflation which causes the former (rising prices) means Injustice to individuals and to classes,—particularly to rentiers. . . . Deflation means Injustice to borrowers. . . .

Of the two perhaps Deflation is . . . the worse; because it is worse, in an impoverished world, to provoke unemployment than to disappoint the rentier. ⁹²

As Sister M. Thomasine remarks, Keynes here manifests an "indignation proper to a moralist" and "not merely a professional concern over mismanaged monetary affairs. . . ." ⁹³ Keynes' references to the ethical side of the various economic questions he discusses in these essays are too many to set forth here. One passage towards the end catches up his whole spirit:

The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance. But it will be those peoples, who can keep alive, and cultivate into a fuller perfection the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes. ⁹⁴

He leaves no doubt of his conviction that, in the meantime, economic forces must be controlled and directed in the interests of social justice and stability.

The transition from economic anarchy to a regime which deliberately aims at controlling and directing economic forces in the interests of social justice and social stability, will present enormous difficulties both technical and political. I suggest nevertheless, that the true destiny of New Liberalism is to seek their solution.⁹⁵

J. M. Keynes' definitive work, *The General Theory of Employment, Interest and Money* (1936), correctly does not mix economics with ethics, but neither does it divorce the two. Chapter 24 is devoted to "Concluding Notes on the Social Philosophy toward which the General Theory Might Lead." Here is presented the indictment of modern economic society: "The outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes."⁹⁶ These are unjust as well as uneconomic: "For my own part, I believe that there is a social and psychological justification for significant inequalities of incomes and wealth, but not for such large disparities as exist to-day."⁹⁷ In the body of the work Keynes showed no hesitation in referring to "the proper social purpose"⁹⁸ of the stock market and similar institutions, and in expressing the judgment that "the future will learn more from the spirit of Gesell than from that of Marx," or in alluding to "the moral quality of Gesell."⁹⁹

Finally, in one of Lord Keynes' last works, *How to Pay for the War* (1940), on the last page he is concerned with pointing out "the careful humanitarian arguments and apologetically mild proposals of the previous pages. . . ."¹⁰⁰

Keynes' economic-ethic is not that of Christianity, for he rejects the "literal economics of the New Testament" as "so contrary to human nature that they cannot finance either mis-

sionaries or armies and will surely end in defeat.”¹⁰¹ The point of the present essay is not, however, to weigh the value of different ethical systems espoused by economists; such would be a problem in ethics. The significant feature is the extent and nature to which, in Keynes’ view, economics is ethically circumscribed.

An adequate summation of the Keynesian doctrine on the topic of this study involves a recognition of the fact that Keynes is never embarrassed or abashed at discovering and interpreting an ethical phase of economics; rather he grasps the opportunity, while, at the same time, it must be remembered that he is second to none in his contribution to systematic theory. Mabel Timlin’s conclusion of her study on *Keynesian Economics* supports this view.

The first implication of a study of economic theory of the character of the analysis behind us is that there are value judgments and value systems outside economic value systems as such which may prescribe ends to which the economic value systems may be asked within the limits of possibility to conform.¹⁰²

And Sir William Beveridge shares that estimation of Keynes’ theories: “On the newer teaching of the economists, as exemplified in . . . J. M. Keynes, moral and technical considerations unite in favour of substantially greater equality of wealth than has obtained . . . in the past.”¹⁰³

John Atkinson Hobson (1858-1940)

John A. Hobson, despite the fact that he neither held a chair in economics nor had formal academic training in that subject, achieved for himself a niche in the history of economics as the leading exponent of what has come to be known as “welfare economics.” This term derives from the fact that he makes welfare the core of his economics and therewith presents a norma-

tive science, one which not only takes account of the ethical implications of economic data, or is slanted ethically, but which integrates ethics and economics. " 'Ethics do not "intrude" into economic facts; the same facts are ethical and economic.' " ¹⁰⁴ Hobson was quite an admirer of Ruskin, whose view he made his own that

. . . every piece of concrete wealth must be valued in terms of the vital costs of its production and the vital uses of its consumption, and his (Ruskin's) most effective assault upon current economic theory was based upon its incomplete adequacy to afford such information.¹⁰⁵

Hobson published some thirty books dealing with economic topics. Since one of these is entitled *Economics and Ethics* (1929), it will be relied upon primarily for his conception of the subject of the present monograph. Ethics must be such a vital part of economics in the view of Hobson and the "welfare economists" because of the role which is played by the human will and by intellectual factors in directing and modifying economic processes. Economic laws are only "relatively fixed laws."

Thus the barriers set against the social control of economic processes by human intelligence and will are continually being weakened. Economic laws do not disappear, but their application to economic situations is continually changing, as the physical factors that seemed to give them immutability are found modifiable in their economic bearing by psychical factors which carry a creative spirit. This new attitude toward the interpretation of the economic system has a special bearing upon the problem of the claim of ethics to exercise a suzerainty over economic processes. For if, as we hold, the real problems of modern economics are mainly the control of economic resources by the intelligent will of man, economics, as art, becomes a branch of human conduct. *This creed demands a change in the conception of an economic science, not in the sense of a direct subordination to ethics, but as involving a recognition that every operative "ought" is an "is," and must be taken account of in any analysis of economic facts and forces.*¹⁰⁶

As an example of the application of this reasoning, Hobson wants the economist not only to consider the fact that displacing wasteful competition by orderly combination may be sound economic policy, but also that it can be sound social policy only "if society is adequately safeguarded against the extortions which often . . . accompany the possession of power to regulate production and fix prices."¹⁰⁷

The uniqueness of the Hobsonian conception of economics and ethics is perceived in Hobson's contrast of the earlier economics with his own:

. . . with the early economists . . . the unity of the social sciences was a loose federation of substantially autonomous bodies, with social philosophy as a sort of brooding over-thought. But when normative or ethical principles are brought into direct contact with economic processes, not only as participant motives, but as criteria, the older autonomy is evidently weakened, and we approach a system which is nearer to a federal state than to a federation of states.¹⁰⁸

As William Tien-chên Liu points out, Hobson

. . . did not deny that the industrial system could be studied separately and perhaps abstractly, but argued that such a doctrine should be called "mercantile economy," not "political economy," and then dubbed this mercantile economy the "science of avarice."¹⁰⁹

The welfare thesis permeates all of Hobson's writing. In *Work and Wealth: A Human Evaluation* (1916) grubbing for facts is counterposed to true social science.

The notion that, by setting groups of students to work at gathering, testing, measuring and tabulating crude facts, relating, say, to infant mortality, expenditure on drink, or wages in women's industries, valuable truths of wide applications will somehow be spontaneously generated, and that by a pure inductive process there will come to light general laws authoritative for social policy, is entirely destitute of foundation. The humblest grubber among "facts" must ap-

proach them with some equipment of questions, hypotheses, and methods of classification, all of which imply the acceptance of principles derived from a wider field of thought.¹¹⁰

Or more succinctly stated, it may be read in *Poverty in Plenty* (1932) that "our main economic troubles are of a distinctively moral origin."¹¹¹

The organic nature both of society and of human welfare, and its significance for the relationship between ethics and economics, is a point of stress with Hobson.

... society is organic by virtue of its "organization." ... What is essential is the recognition that the elements in human welfare are organic in their relationship. The failure of most economists to give proper recognition to this truth explains the curious aloofness of the place occupied by economics among the social sciences. ...¹¹²

Hobson's ethics is a rationalist and not a religious ethics. He especially depreciates Christian ethics.

Not merely the precepts but the ideals set out in the Gospels are repugnant to the Western mind. Meekness, love, or even forgiveness of enemies, contempt for riches, disregard of the body, its food and raiment, have not been and never will be, acceptable to any but tiny minorities in Western nations. Western ideals are more truthfully set forth in ... the popular admiration for the sportsman, fighter, lover, adventurer, chieftain. ...¹¹³

Hobson accepts utilitarianism but gives it an interpretation peculiarly his own. "It will thus establish Utilitarianism upon a new and defensive footing, regarding as useful anything contributory to welfare."¹¹⁴ He runs into the same dilemma as other utilitarians on the problem of trying to express qualitative differences by a quantitative calculus. He recognizes

... that qualitative differences cannot be converted into quantitative terms. The utilitarian calculus, in his view, is inapplicable to the difference of kind; the mathematical

hedonistic economics is unable to deal with the development of the economic system as distinguished by mere growth.¹¹⁵

The problem of what contributes to welfare still needs to be answered. The meaning and content of welfare as employed by Hobson are both large and elastic. The advantage of the term

... is that it covers, on the one hand, the vital service, or utilities, of the instincts, or innate dispositions, without offending the modern psychology of motivation, while, on the other, it gathers into a single whole all spheres of human activity that rank as "good."¹¹⁶

But such a definition still leaves him with the problem of defining "good." In the *Economics and Ethics* a similar, if somewhat narrower, conception of welfare is presented; "... the raw stuff from which all the human values—the elements of welfare—proceed—*élan vital*, *libido*, *nisus*, *hormé*, whatever name be given—is, in its make and conditions, more akin to the body than to the higher functions of the mind."¹¹⁷ In Hobson's view, "Economic institutions are ethically sound as far as they are effective instruments for the realisation of personality and community."¹¹⁸ A. B. Wolfe, in his review of the *Economics and Ethics*, finds Hobson's economics lacking on the side of the meaning and content of welfare. "Certainly without a much more definite content than Hobson explicitly gives to welfare, it will be difficult to accept his final summing up of the nature of the future economics. . . ." ¹¹⁹

John A. Hobson's significant contribution lies in his attempt to bridge the gap between economic theory and policy. His extreme emphasis, resulting in a union of the two disciplines, may be open to question, as well as the content he gives to the term "welfare," but his ardent insistence has focussed greater attention upon the whole question of the relationship between wealth and welfare.

John Arthur Ransome Marriott (1859-1945)

It is Suranyi-Unger's opinion that "from the point of view of method," Marriott "has nothing essentially new to say."¹²⁰ Brief mention may be made of him, however, because of the title of his work, *Economics and Ethics* (1923). This is not primarily a work on methodology, but rather a book of the "economic problems" type, which inquires into what is right and wrong in questions of land, labor, capital, value, production, consumption, distribution, taxation, etc.

Marriott warns that

The economist does not or should not employ the categorical imperative. His appropriate mood is conditional. It is no part of his duty to say: "do this, or avoid that," but he is entitled to point out that persistence in a particular policy or course of action will produce certain results.¹²¹

But is not indicating right and wrong tantamount to an implication of "do this" or "avoid that"? Marriott implies as much himself: ". . . it is not economically sound or ethically right that any person, necessary or unnecessary, should have luxuries while effective workers lack any of those things which conduce to efficiency."¹²²

His acceptance of the Report of the Anglican Archbishops' Committee attests that Marriott, while not a welfare economist, assumes a position substantially the same as those economists who, though not going anywhere nearly so far as Hobson, do attune their economics to ultimate criteria. "We may admit the truth of the contention that 'industry and Economic activity are not ends in themselves to be pursued without reference to the main ends of human society or by methods inconsistent with it.'"¹²³

Josiah Stamp (1880-1941)

While not enjoying the academic position of some of the

other economists discussed in this section, Sir Josiah Stamp was of considerable influence in the government, and he published two works which bear on our topic: *The Christian Ethic as an Economic Factor* (1927) and *Christianity and Economics* (1938). Although there is nothing too original in these works for anyone acquainted with the Christian tradition in socio-economic thought, Stamp presents the matter in an engaging style and an earnest spirit which lend force to his ideas.

The place which must be given to the technical and systematic side of economics is emphasized by Stamp, but he is equally concerned with the ethical element which enters practical economic conduct. The directness with which he declares it the economist's duty to combine the two aspects in his studies is, perhaps, not met in any other economist outside the welfare school.

The ethical aspect may be set out, and then the economic. Whose task is it to mix them; to combine? Certainly not anyone who, however skilled in one, is ignorant of the other. Surely if the economist does not like the task or feel apt for it, he cannot complain if the parson essays it and, with the best of intentions and no discipline, reaches conclusions which do injustice to economics. It is a combined study of peculiar balance and interpretation, and perhaps has not yet developed a proper technique of its own. If it were called "economic-ethics" and treated as a separate subject there might be a chance that it would take a more fruitful course.¹²⁴

Stamp is almost repetitious in his insistence upon the need for the exercise of care to insure a proper development of both aspects of economics. In a characteristic sentence he observes that, "A soul like a walnut and a mind like a rag-bag are the two enemies of all millenia."¹²⁵

Stamp's special thesis is "the Christian ethic as an economic solvent."

No economic problems can be solved by Christian principles alone; but, equally, few such problems can be solved

without those principles as a powerful element in the solution.

The economic result of a wholesale reception of Christian principle would, in itself, be very great.¹²⁶

Extending the same thought—

... a solvent would be introduced into social affairs which would change the spirit of industry. If all joined in the common enterprise with the common idea of *maximum combined service*, and could leave the division of the results to mutual trust and confidence, they might not abrogate economic principles and alter the economic mechanism, but they would at least give it lubricated bearings.¹²⁷

Lionel Robbins (1898-)

According to Lionel Robbins' conception of "the nature of economic science," its significance will be much reduced when compared with that same notion in the work of most contemporary economists. It may justly be said that no modern economist, and few economists of any era, has conceived of a narrower and more attenuated science of economics than Lionel Robbins. Roll calls his *An Essay on the Nature and Significance of Economic Science* (1st ed., 1932) a "manifesto of economic positivism and political neutrality."¹²⁸

There is no possibility of a direct relationship between economics and ethics according to Robbins; the two are actually on different levels or planes of reality.

Unfortunately it does not seem logically possible to associate the two studies in any form but mere juxtaposition. Economics deals with ascertainable facts; ethics with valuations and obligations. The two fields of enquiry are not on the same plane of discourse. Between the generalisations of positive and normative studies there is a logical gulf which no ingenuity can disguise and no juxtaposition in space or time bridge over.¹²⁹

Ethics deals with ends, economics with means.

If we disagree about ends it is a case of thy blood or mine—or live and let live, according to the importance of the difference, or the relative strength of our opponents. But, if we disagree about means, then scientific analysis can often help us to resolve our differences.¹³⁰

Robbins thinks that the advantage of his conception of economic science is that it makes for large agreement, even if over a narrower area.

Surely, for the sake of securing what agreement we can in a world in which avoidable differences of opinion are all too common, it is worth while carefully delimiting those fields of enquiry where this kind of settlement is possible from those where it is not to be hoped for.¹³¹

Most of those economists who maintain the doctrine of a special relevancy of ethics for economics as a social science assert in equally strong terms the necessity and importance, from the point of view of accuracy, for first developing a body of scientific truth describing "what is." The particularly aseptic nature of the Robbinsian view, however, is shown in some characteristic passages from his work. For instance, suppose the economist had succeeded

... in showing that certain policies had the effect of increasing "social utility," even so it would be totally illegitimate to argue that such a conclusion by itself warranted the inference that these policies ought to be carried out ... there is nothing within the body of economic generalisations, even thus enlarged by the inclusion of elements of conventional valuation, which affords any means of deciding this question.¹³²

Robbins refused to regard even the maintenance of equilibrium as a goal of economics. "Equilibrium is just equilibrium!" The pure theory of equilibrium

... enables us to describe that distribution of resources which, given the valuations of the individual concerned,

satisfies demand most fully. But it does not by itself provide any ethical sanctions. To show that, under certain conditions demand is satisfied more adequately than under any alternative set of conditions, does not prove that that set of conditions is desirable. There is no penumbra of approbation round the theory of equilibrium. Equilibrium is just equilibrium.¹³³

All this must not be interpreted to mean that Robbins denies the ultimate validity and urgency of ethical considerations or refuses even to allow the economist to have anything at all to say about them. But, according to Robbins, the economist must do so as a private citizen. Of this view Roll remarks rather sardonically: "So let us remember that it is not the distinguished economist 'X' who condemns marketing acts, redistributive taxation, and wage rigidities. It is the ordinary citizen 'X.' " ¹³⁴

The criticism which may be leveled at Robbins' austere conception of economics is that, in seeking to build a solid foundation, he forgets to erect the superstructure. Robbins admits that, if it is to have significance, economics must depend upon the assumption that individuals should act rationally; "... it does depend for its practical *raison d'être* upon the assumption that it is desirable that they should do so." ¹³⁵ But acting rationally is not a quality of chemical and physical phenomena; it implies norms of action. Therein lies the difference between the other sciences and social science. Macfie's reply to Robbins is: "... any human science which deals with a definitive type of practical self-conscious endeavour must have a normative as well as a positive side." ¹³⁶

Contemporary Economic Thought on the Continent

Gustave de Molinari (1819-1912)

The thought of the Belgian-French Liberal economist, Gus-

tave de Molinari, does not differ much from that of any other Liberal, but he did concern himself with the relationship between ethics and economics more than some. His *La morale économique* appeared in 1888. It maintained that since economic phenomena are the object of human activity, moral elements inhere in them.

Les opérations de la production, de la distribution et de la consommation des forces utiles, valeur ou richesses, constituent l'ensemble des phénomènes que l'économie politique étudie. Ces phénomènes sont l'objet exclusif de l'activité humaine, et ils nécessitent les règles de conduite qui forment la matière de la morale.¹³⁷

The two disciplines are brought into close relationship, since, according to Molinari, to be uneconomic is to be unethical.

On voit donc qu'il y a un complet accord entre l'opération des lois économiques et celle des lois morales. En supposant que tous les droits et les devoirs qui sont la matière de la morale fussent exactement délimités et observés, quel serait le résultat? C'est que toutes les forces dont l'homme dispose seraient employées de la manière la plus conformée aux lois économiques c'est qu'il n'y aurait point de "force perdue."¹³⁸

Molinari espouses a simple and not very ingenious type of utilitarianism: "... la loi de l'économie des forces qui agit sous la double impulsion de la peine et du plaisir pour susciter le progrès des instruments et des méthodes de la production, et provoquer ainsi l'accroissement des forces utiles de l'espèce."¹³⁹

The thought of Gustave de Molinari is of interest to this study not because of its originality, but primarily because of certain similarities on the point of the present investigation in the thought of both English and Continental economists.

Henri Joseph Léon Baudrillart (1821-1892)

Baudrillart, another French Liberal economist, is of concern

to the present study primarily because of his work, *Des rapports de la morale et de l'économie politique* (2nd ed., 1883). The first part of this work deals with the methodological question of the relationship between the two disciplines, economics and ethics, while the remainder treats of the ethical aspects of wages, freedom of work, property, inheritance, agriculture, speculation, credit, etc.

Economics is recognized as an independent science by Baudrillart, but he sees an analogy in the relationship between economics and ethics with that of the relationship between psychology and physiology. In both cases there is a complex area between the two sciences which cannot be understood without uniting them.

... les faits qui en forment la matière ont leur sources dans l'homme, je dis dans l'homme pris au sens le plus général. . . . La science—et on verra cette idée développée au cours même de ces leçons—ne doit pas briser cette unité morale, et il est désirable, lorsque les savants spéciaux ont fait leur oeuvre, qu'une raison étendue rappelle les liens qui ne cessent d'unir les choses entre elles. Du rapprochement de deux sciences il pourra naître une science mixte. . . .¹⁴⁰

Economics may be studied independently, but the avenues of communication with ethics should be kept open. "L'isolement de l'économie politique, non son indépendance, voilà ce que nous combattons."¹⁴¹ The viewpoint of Baudrillart is similar to that of the other authors who believe that the economist fails to get all the facts if he omits ethical considerations.

Il serait étrange que l'économiste se contentât de répondre que cela ne le regarde en aucune manière, que son objet unique est la richesse abstraitement considérée; cela serait étrange et contradictoire, car la série des deductions applicables à la société, à la repartition de la richesse liée à tous les phénomènes économiques se trouve profondément modifiée selon qu'on lui donne pour origine exclusive le droit, la force, un sentiment bien ou mal entendu de charité, ou la simple convenance du législateur.¹⁴²

Charles Gide (1847-1932)

The eminent French economist, Charles Gide, extended his thought widely on the frontiers of economics through his concept of "solidarity." Solidarity is defined as "... the doctrine ... that the human race, taken collectively, forms one single body, of which individuals are the members. . . ." ¹⁴³ According to Gide, "solidarity" usurps the functions of the term "charity," ¹⁴⁴ and is to be preferred to both fraternity and charity. Fraternity is both outworn and sentimental, and charity has too close a religious connection. Solidarity has "an imposing scientific appearance. . . ." ¹⁴⁵ He declares that solidarity can be arrived at as necessary even from the individualistic viewpoint; "... each for all and all for each is not a mere maxim or counsel of perfection, but a stern, practical fact. The good or bad fortune of others involves our own well-being or misfortune." ¹⁴⁶ All this implies ethical connotations in the notion of "solidarity," even though, according to Gide, it is not a moral principle by itself.

Solidarity by itself cannot furnish a rule of moral conduct to such as have none already; but, granting the existence of a moral principle, it matters not whether it be egoism or altruism, solidarity supplies us with a leverage of incomparable strength. ¹⁴⁷

Gide appears to run into logical difficulties by trying to get a term large enough to include both the altruistic as well as the individualist theory of social action. He says that his concept of "solidarity" will usurp the functions of the term charity, since, according to him, "charity degradeth whereas solidarity lifteth up." ¹⁴⁸ This is where the problem arises. The religious idea of charity means nothing, if not love in the fraternal sense based on man's common brotherhood as children of the common Father, and it means, for Christians, a brotherhood in Christ as well. How this could be degrading is difficult to understand. But, will "solidarity" mean this? If it usurps the functions of

charity, it will have to signify the same thing, or else be a pale reflection of true charity. There is a far different substance, quality, even pertinacity, about acting in the social interest out of motives of true charity rather than from motives of enlightened self-interest.

Both Liberalism and most of Socialism are rejected by Gide, and he proposes in their stead voluntary association based on the principle of solidarity. He was a pupil of Roscher's and there is a resemblance between his ideas and those of the *Kathedersocialisten*.

Gide divides economics into pure political economy and social economics and defends each with all the logic and strength he can command. The former, of course, studies the nature of those relationships which arise naturally as men make their living. "It does not undertake to pass judgment on these relations from either the moral or the practical standpoint, but attempts simply to explain what these relations are."¹⁴⁹ While social economics

... is supposed to study chiefly the voluntary relations which men have established among themselves in the form of social organizations, written laws, customs, or other institutions having for their object the improvement of social conditions. It proposes to investigate and devise means by which better conditions may be attained. Hence it is more closely allied to the moral sciences.¹⁵⁰

In conclusion, it may be said of Gide that he sought for a socio-ethical cement to mix with his economic sand. His conception of "solidarity" is a humanitarian one which loses much of its dynamism by trying to retain the function of charity without its inspiration.

Among other economists who directly or indirectly paid some attention to the question studied in this essay are the

Italian scholars, Luigi Cossa (1831-1896), Maffeo Pantaleoni (1857-1924) and Vilfredo Pareto (1848-1923).

Luigi Cossa is the first modern Italian scientific economist. In his *An Introduction to the Study of Political Economy* (tr. 1893, Ital. ed., 1877) the not unusual distinction is made between political economy and economic ethics. The first is pure science, the second treats of man's duty as applied to the acquisition and use of wealth.¹⁵¹ They are not to be confused, and

Precision is a first requisite, in order to avoid wild and dangerous vagueness in the use of terms for describing the correlation of political economy, the science of wealth as a social system, with economic ethics, which deals with the duties imposed upon men in the acquisition and use of wealth by ideals and rules founded upon justice and equity as defined by reason,—that is, ethical philosophy,—or revealed by religion,—that is ethical theology.¹⁵²

Pantaleoni made large use of mathematics and was the author of *Pure Economics* (tr. 1898; Ital. ed. 1889). The philosophy underlying his economics was strongly utilitarian.

Economic science consists of the laws of wealth systematically deduced from the hypothesis that men are actuated exclusively by the desire to realise the fullest possible satisfaction of their wants, with the least possible individual sacrifice. This hypothesis is appropriately termed the hedonic premise of economics.¹⁵³

Pareto, a member of the Lausanne School, was in the last two decades of his career a sociologist, and it is, perhaps, in the latter capacity that he will be best remembered. His *Cours d'économie politique* (1882) appeared in the earlier part of his career. He considered economics to be a positive science devoid of any ethical aspects. "The science of which we undertake the study, is a natural science like psychology, physiology, and chemistry."¹⁵⁴ Roll notes that despite this avowal, the *Cours* is replete with considerations which, from the point of view of

Pareto's methodology, must be regarded as extraneous to economics.¹⁵⁵ Some writers have seen a strong resemblance to Fascism in his thought because of his contempt for morality, truth, right, justice, democracy, etc., and his identification of the élite with the strong and successful.¹⁵⁶

Vain will be the search for any ethical element in the work of the eminent Swedish economist, *Gustav Cassel* (1866-1945). For Cassel,

Economics is substantially *quantitative*. We must therefore always try to get a quantitative conception of everything that is worthy of our attention in economic life. . . . Economic science has indeed suffered seriously from the lack of a quantitative fixing of the idea under discussion.¹⁵⁷

We are only going to lay ourselves open to grave mistakes and have little hope of any valuable results unless we can use quantitative measures to distinguish essential from non-essential factors in economics.¹⁵⁸ The economy being studied must be "self-contained" and can have no relationship with anything outside itself. "If there were such relations—at least relations of any importance—it would be impossible to attain a complete explanation of the various phenomena within the economy under consideration." ¹⁵⁹

These are in part the conceptions which lead Haney to sum up Cassel's work as "a system of business mathematics, not a social science." ¹⁶⁰

Contemporary British and Continental economic thought, with but a few exceptions tending towards the extremes of inclusion and exclusion of ethical elements, takes the balanced view of neither ignoring ethical factors, nor of making economics a normative science alone.

FOOTNOTES CHAPTER X

1. Paul T. Homan, *Contemporary Economic Thought*, preface, p. viii.
2. O. Fred Boucke, *The Development of Economics*, p. 144.
3. Henry Sidgwick, *The Principles of Political Economy* (Ed., 1901), p. 581.
4. Theodore Suranyi-Unger, *Economics in the Twentieth Century*, p. 28.
5. Henry Sidgwick, *op. cit.*, p. 32.
6. *Ibid.*, fn. 1, p. 33.
7. *Ibid.*, p. 581.
8. *Ibid.*, p. 584.
9. *Ibid.*, pp. 584-585.
10. *Ibid.*, p. 587.
11. Cited, John M. Keynes, "Alfred Marshall, 1842-1924," in *Memorials of Alfred Marshall*, p. 7. (Edited by A. C. Pigou).
12. John M. Keynes, *Essays in Biography*, p. 169.
13. *Loc. cit.*
14. John M. Keynes, "Alfred Marshall, 1842-1924," *op. cit.*, p. 37.
15. Arthur C. Pigou, "In Memoriam: Alfred Marshall," *Ibid.*, p. 84.
16. Cited, John M. Keynes, *Essays in Biography*, p. 165.
17. *Ibid.*, p. 215.
18. *Ibid.*, p. 255.
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21. Alfred Marshall, *Principles of Economics*, pref. to first edition, pp. v-vi.
22. *Ibid.*, p. vi.
23. *Ibid.*, p. 4.
24. *Ibid.*, p. 9.
25. *Ibid.*, p. 17.
26. *Ibid.*, p. 27.
27. *Ibid.*, p. 28.
28. *Ibid.*, p. 136.
29. *Ibid.*, p. 137.
30. *Ibid.*, p. 713.
31. *Ibid.*, pp. 713-714.
32. *Ibid.*, p. 719.
33. *Ibid.*, p. 720.
34. *Ibid.*, p. 721.
35. *Ibid.*, Appendix C, p. 780.
36. *Loc. cit.*
37. Alfred Marshall, *Industry and Trade*, p. 7, fn. 1.
38. *Ibid.*, p. 676.
39. John M. Keynes, *Essays in Biography*, p. 233, fn. 1.
40. Alfred Marshall, *The New Cambridge Curriculum in Economics*, p. 26.
41. *Ibid.*, p. 32.
42. Alfred Marshall, *Principles of Economics*, p. 248.
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44. *Ibid.*, p. 236.
45. Alec Macfie, *Economic Efficiency and Social Welfare*, p. 5.

46. *Loc. cit.*
47. John M. Keynes, *Essays in Biography*, pp. 164-165.
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53. Barbara Wooton, *Lament for Economics*, pp. 265-266.
54. Philip H. Wicksteed, *The Common Sense of Political Economy*, p. 17.
55. *Ibid.*, p. 123.
56. *Ibid.*, pp. 191-192.
57. *Ibid.*, p. 701.
58. John N. Keynes, *The Scope and Method of Political Economy*, p. 31.
59. *Ibid.*, pp. 34-35.
60. *Ibid.*, p. 34.
61. *Ibid.*, p. 52.
62. *Ibid.*, p. 46.
63. *Ibid.*, pp. 42-43.
64. *Ibid.*, p. 51.
65. *Ibid.*, p. 60.
66. *Ibid.*, p. 41.
67. *Ibid.*, p. 115.
68. Alec Macfie, *Economic Efficiency and Social Welfare*, p. 20.
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70. *Ibid.*, p. 11.
71. John A. Hobson, *Free Thought in the Social Sciences*, p. 97.
72. Pigou, *op. cit.*, p. 11.
73. *Ibid.*, p. 12.
74. *Ibid.*, p. 20.
75. *Ibid.*, pp. 129-130.
76. *Ibid.*, p. 597.
77. Cited, John U. Nef, *The United States and Civilization*, p. 91.
78. Lewis H. Haney, *History of Economic Thought*, p. 697.
79. Theodore Suranyi-Unger, *Economics in the Twentieth Century*, p. 236.
80. John M. Keynes, *Essays in Biography*, pp. 294-295.
81. Mabel Timlin, *Keynesian Economics*, p. 31.
82. John M. Keynes, *The Economic Consequences of the Peace*, p. 225.
83. *Ibid.*, pp. 296-297.
84. *Ibid.*, p. 297.
85. John M. Keynes, *Laissez-Faire and Communism*, p. 44.
86. *Ibid.*, p. 73.
87. *Ibid.*, p. 77.
88. *Ibid.*, p. 133.
89. *Ibid.*, p. 134.
90. John M. Keynes, *The End of Laissez-Faire*, fn. p. 17.
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CHAPTER XI

SUMMARY AND CONCLUSIONS

Summary

THIS STUDY HAS attempted to sift the grains of ethics from the sand of economics and to examine the historical conception of the nature of their interrelationship. A summary of the findings follows.

In the whole pre-scientific period a great part of the economic discussion came either from the writings in moral and political philosophy, or moral theology, and economics was almost without exception concerned with the ethical aspects of wealth-getting and wealth-using. So much was this the case that ethics may be said to be predominant in economic thought before its erection into a separate science. Plato, for instance, is interested not alone in mere acquisition and use of wealth, but always in how economic life may contribute to the good life. Aristotle progressed further toward economic analysis but also subordinated economics to moral philosophy. He particularly emphasized the means-end relationship between economics and ethics. In rejecting Platonic communism Aristotle uses both ethical and economic arguments.

Except for their legal conceptions the contribution of the

Romans to economic thought was negligible. The jurists developed the idea of the right of private property and contract. In fact, some of the extreme expressions of that right which appeared later may be traced to the Roman law.

Christianity established vital norms which are concerned with the economics of human society, although economics is not its primary concern. The significance of Christianity for economics lies in its strength as a solvent for economic relationships and conduct. Christian thought exceeds Greek speculation by virtue of the breadth and depth of its application, as well as the urgency of its sanction. Poverty of spirit is emphasized, but the Christian spirit is not inimical to economic development; rather it seeks to regulate the means used for that development. Wealth is to be held always as a stewardship, not absolutely, and charity in its broadest sense is a duty.

Medieval economic thought represented a fruition of Christian concepts, and was, of course, ethically oriented in the highest degree. In the work of Saint Thomas is found the principal economic writing of the Middle Ages. Not all solicitude about temporal things is forbidden, but only that which is superfluous and inordinate. The right to private property is argued from both the economic and ethical viewpoint, and the doctrine of stewardship achieves fructification in some of the characteristic medieval economic institutions. Gain could not be sought without a moral purpose, or as an end in itself, because such a course would tend to inflame the lust for wealth. The most characteristic notion of the Middle Ages was the idea of just price; both "costs" and "utility" were included in this concept. It allowed no taking advantage of the undue need of either producer or consumer. Although interest was strictly regulated on consumptive loans, in so far as wealth was to serve as capital, the general principles under which interest was permitted were adequate for the time and were even incorporated into the commercial law of the period. The medieval institutions—the guilds,

the monasteries, even serfdom—were informed and inspired by the economic ethic of the period. The canon law, according to Ashley, marked the first appearance in literature of a complete and systematic economic doctrine. In economic thought, as in philosophy in general, the chief attribute of medieval thinkers is their genius for synthesis—in philosophy, a synthesis of mind and matter, in economic thought, of wealth and welfare.

The period between the end of the Middle Ages and the mid-eighteenth century is one of transition—the sprouting time of the capitalist ethic, so-called, the primary characteristics of which are its rationalization of economic life and its emphasis on acquisitiveness. Mercantilism was the economic means for the building of strong national states, and it was precisely in the domain of the ethical that the breach between the Mercantilist and medieval viewpoint was the greatest.

The Reformation by its disruption of the medieval Catholic unity gradually and quite unintentionally prepared the way for the later insulation of economics against any ethical or religious criteria. The Protestant ethic was not without its influence on the spirit of capitalism, as Tawney, Weber and Fanfani have thoroughly demonstrated. The doctrines of "individual interpretation" and "faith without works" had a subtle but profound influence on economic thought and life, until under the Puritan canon worldly goods were no longer to be eschewed, and economic activity and economic success became an evidence of one's pre-election. Economic thought rested increasingly on a purely economic rationale.

Whether one considers economics to have originated as a separate branch of knowledge under French or English auspices, or in part by the efforts of scholars in each of these countries, nevertheless, the founders of economics maintained a highly normative content in their new discipline; moral philosophy was the matrix of political economy, according to these authors. Boisguillebert, a forerunner of the Physiocrats, manifests a

strong moral tone in his *Dissertation sur les richesses*. For Quesnay political economy was a moral science; his speculations and analyses were inspired by, and attuned to, considerations of social welfare. Many of the Physiocratic outlooks were quasi-medieval, for instance, their attitude towards certain types of commerce, their concept of the *bon prix*, interest, distribution, This is true despite the characteristic *laissez-faire* conception of the Physiocrats, which was not at all doctrinaire when viewed in the light of its eighteenth century historical setting. The significance of the presence of normative elements in Physiocratic economics is heightened by the fact that at the same time economics took such great strides in the direction of the development of a distinct science.

If Adam Smith be considered the first scientific economist, then economics was born of moral philosophy. The *Wealth of Nations* provides ample and essential citations showing Adam Smith's concern for justice, community, etc. His economics was not divorced from all ethical considerations. In fact, it would appear that Adam Smith scarcely discussed an economic question involving a moral issue but that he pointed up that issue and left his readers in no doubt as to his own position, which was not that of a narrow defense of what might be called business interests. His broad statement regarding "consumption as the ultimate end and object of all industry and commerce" is especially significant in enhancing the view that Smith's economics was maintained within an ethical orbit. The *Wealth of Nations* was not limited by an overnicety or fastidiousness in definition; economics, according to Smith, might be studied independently with profit, but that would not cause the father of economics to hold back an ethical judgment involved in any economic sequence.

The thought of the Classical School in great part stood for an almost absolute liberty and autonomy of the economic order, the implications of which were wider even than the statement.

In so far as there was any ethical content in Classical economics, it was utilitarian in the Benthamite sense. The criterion of ethical conduct in the economic sphere was unmitigated and unrelieved self-interest. To Bentham may be attributed much of the individualism of Classical economic theory.

Malthus' economic thought, however, evidenced a deeper ethical tone. In the *Essay on Population* he is concerned that the preventive checks are in accord with "reason and sanctioned by religion." His *Principles of Political Economy* contain broad evidences of his concern for the welfare and happiness of the working classes. His application of ethics to economic life may not always have been such as would satisfy later generations, but the significant fact is that he did not eschew the ethical overtones in economic conduct.

Ricardo ranks as one of the most abstract economists in history; it was his express intent to rule out all ethical considerations from political economy. Nevertheless, Ricardo was the main channel through which utilitarianism flowed into Classical economics and is responsible for the stress placed on the competitive and combative aspects of economic life as distinguished from its co-operative and solidarist nature.

John R. McCulloch held that the economist must advise, dissuade, censure, command, and call attention to every institution or regulation which on careful inquiry appears to be adverse to the increase of public wealth and happiness. His own work, while maintaining its scientific character, is, in accordance with his announced conception of the science, punctuated with ethical asides. Yet McCulloch did not always seem to be sufficiently aware of the more extreme manifestations of human nature and the capitalist spirit in modern economic life.

Senior joins Ricardo in the narrowness with which he conceives the scope of political economy and is more explicit than the latter in stating that viewpoint. Senior thought that the "positive" approach would be the one most likely in the long

run to extend the bounds of the science.

John Stuart Mill maintained that the science of political economy must exclude all ethical or practical considerations but added that the didactic writer on the subject must combine these elements with his exposition of the truths of the pure science, if his work is to have any significance. A person who is only an economist is in Mill's opinion not likely to be a good one. He considered his going beyond the principles of political economy to some of their applications to social philosophy to be one of the superior qualities of his major economic work. Utilitarianism played a central role in his economic thought, even if somewhat illogically he tried to attenuate it by introducing a qualitative element into the hedonic calculus.

Cairnes follows Ricardo and Senior in isolating the purely economic from all moral or humanitarian considerations, holding that there is a fundamental incompatibility in the nature of the two types of investigation which renders them insusceptible of combination. He conceived of economics as the pure science of wealth without any consideration of its relation to human welfare.

J. B. Say, the founder of the French Classical School, conceived of the scope of economics with respect to ethics in identical fashion with Senior, Ricardo and Cairnes. Claude Bastiat, while a liberal and an optimist, thought that economics dealt with both "what is" and "what should be." Von Thünen, the chief German follower of English Classicism, was also interested in questions of justice, equity, exploitation, and the ethical aspects of labor problems, and stated his famous formula for wages in normative terms.

Much of the early reaction and dissent from Classicism was on an ethical basis. Sismondi led the vanguard and really reintroduced the ethical point of view into political economy. He reproached the Classical School with having developed a science of chrematistics. The state must regulate economic life in the

interests of the general welfare, according to Sismondi, for wealth is a means, not an end in itself. Adam Müller also took issue with Classical economics on the ethical score, castigated its individualism and set up in its place his own solidarist conception of economic life. He stressed not only the relationship of ethics, but also of religion, to economics. The Nationalist, Friedrich List, presents an economics correlated with ethical canons, his concept of *Normalnation* being typical.

The dominant strain of Social Protestantism was moral, and that movement leveled its criticism at nineteenth century Liberalistic economics and its philosophic base, utilitarianism. Carlyle, Kingsley, Maurice and Ruskin were the foremost writers of the group and, although not economists, attacked the industrial order and economic life on their ethical bases. The work of these men was more along literary and practical lines than scientific, but they are significant for the large share they had in arousing interest in English socio-economic problems. Ruskin comes closer to being a scientific economist than any writer of the group. He considered the object of political economy to be not only a great quantity of consumption, but a good method. In his view an economics which is not linked with conceptions of the general welfare is mercantile, not political economy, and therefore only a *soi-disant* science.

Social Catholicism was also critical of nineteenth century Classical economics, although its theory was perhaps deeper and the movement more widespread and well-organized than that of Social Protestantism. Villeneuve-Bargemont, a precursor of the Social Catholic Movement in France, sought to expound a *Christian Political Economy* which would take account of the relationship between economics and both moral philosophy and moral theology. His main point of stress was the dynamic potentiality of the Christian ethic in economic life. He opposed *laissez-faire* upon ethical grounds at a time when it was still the accepted theoretical doctrine and practice in both England and

France. Wilhelm von Ketteler, Roman Catholic Bishop of Mainz and also not a professional economist, in both his public addresses and writings vigorously and effectively dissented from the political economy of the day, especially its view with regard to the condition of labor. His main interest was the "Labor Question" and he insisted that the condition of labor and labor-capital relations, since they involved questions of human relationships, were both by right and duty a matter of concern for the Church.

The distinctive feature of the thought of the German priest-economist, Heinrich Pesch, S.J., was that, while maintaining a proper and distinct scope for both economic science and social philosophy, he insisted upon the fact that economic systems are the products of social philosophies. To both the Liberalist and Socialist systems, which he considered extreme, he opposed his own social philosophy, to which he gave the name "Solidarism" and which, translated into the economic sphere, became what he called the "Social system of industry." In this viewpoint, since man is both the responsible agent and the end of the economic system, economic conduct must be subject to ethical canons.

Leo XIII and Pius XI in their respective Encyclicals, *Rerum Novarum* and *Quadragesimo Anno*, epitomize the socio-economic thought of the Church. The Popes emphasize that it would be wrong for the Church to interfere in economic matters without just cause, and stress the separate spheres of economic science and moral discipline, but also maintain that the two orders are not so distinct and alien that the former in no way depends on the latter. The Encyclicals themselves go on to elucidate the ethical element in the major economic categories of modern life.

Perhaps the most significant recent accentuation of the concept of ethics in relation to economics is the joint "Declaration of Economic Justice" (1946) issued at the national level by the three major church groups in the United States. They were

agreed that economic problems are not only admittedly technical, but also theological and ethical problems.

All pre-Marxian Socialism was distinctly ethical, being directly, or by implication, an appeal for social justice. In fact, it was such to the neglect of scientific development. The central theme running through all of Saint-Simon's thought is the search for some moral force which could so rule the inner life of men that it would develop in them a self-discipline in economic and other social relationships. There was scarcely a project or a concept of Robert Owen's to which its author did not relate his own peculiarly determinist ethics. Fourier's notions regarding the economic order were equally related to moral standards, although, unfortunately, equally Utopian in character. The Socialism of Blanc and Proudhon was, in their view, a necessity because the existing social and economic system did not provide for the fulfillment of certain basic rights, especially those of the workers. The idea of what he conceives to be "justice" permeates the entire thought of Proudhon, and he attributes a philosophic character to economics. For Rodbertus, the central problem of economics was distributive justice.

The factor which sets Karl Marx off from all earlier Socialists is his avowed intention to make his Socialism purely scientific, divorced from all ethical considerations. Ethics is subordinated to, and determined by, economic categories, according to Marx. Nevertheless, an impressive assemblage of citations can be marshalled from Marx's works showing his concern with the ethical element in economic questions, and the tone of much of his writing is such that not a few of the historians of economic thought find that at the root of his views is an ethical test of the economic order. Engels adopted the same idea of scientific objectivity for his Socialism as did Marx, and rejected all supra-economic criteria for controlling the realm of industrial activities. Later Communist thought takes up this sort of materialistic utilitarianism, holding anything ethical which advances the

class struggle and the proletarian revolution. Fabianism, Revisionism, Syndicalism, and Guild Socialism all, either directly or indirectly, relate their socio-economic order to a higher ethical canon.

The German Historical economists so accented the moral element in political economy that the term "ethical school" has often been applied to them. This procedure they opposed to the amorality of the Classical School. Roscher is, perhaps, not quite so broad in his inclusion of ethical elements in economics as are the other members of the Historical School, but, nevertheless, he does yoke his economics to wider principles of social philosophy. Economics for Hildebrand and Knies was a science and, as such, had its purely scientific laws, but it dealt with human relationships and, therefore, also had ethical implications. Schmoller and the younger Historians seem to go even farther in allowing the ethical element to enter their treatises. For Schmoller ethics was not just something on the periphery of economics; rather, it gave complexion and direction to economic life and hence had to be recognized by economic science. Adolph Wagner also exhibited the general tendency of the Historists to seek the inclusion of normative elements in economics. Sombart recognized three aspects to the study of economy: the philosophy of economics, economics the science, and applied economics the art. Among those economists outside Germany who took the Historical approach were Leslie, who urged the cultivation of a department of the philosophy of riches; Ingram, who wanted to unite economics with the larger science of sociology and crown the whole with a moral synthesis; and Toynbee, who combined an ethical and religious outlook with the Historical approach to economics. An exception to the general Historical viewpoint with regard to ethics and economics was Walter Bagehot, a banker, who held economics down to a science of business, while Cunningham ruled out extra-economic considerations for purposes of scientific study, but insisted on the need of a later "cor-

rection" to allow for the more-than-economic considerations which enter questions of practical economic policy.

No school in the entire history of economics exceeds, and very few equal, the Marginists in their avowed intention to exclude from economics all consideration of ethics. It was not that they thought such considerations unimportant, but rather that they believed their method would promote the greatest exactitude for the science of economics. Carl Menger, the founder of the Austrian School, was suspicious of those economists who dealt with other-than-economic factors, holding that they often did so because of insufficient ability to produce solutions in their own field, or because of a desire to arrive at a particular type of answer. Wieser outlined a strictly empirical method for economics, but adopted the curious device of resorting to small print for purposes of making judgments and relating economics to social philosophy. Böhm-Bawerk is aware of the close relationship between the problem of "what is" and "what should be," but, nevertheless, insists that the two are fundamentally distinct and should be kept sharply apart in scientific investigation. The results will have to be brought together, but for the sake of scientific accuracy we must not confuse the investigations. The English marginist, W. S. Jevons, considers the method of economics to be mathematical and therefore abstracted of all extra-economic value judgments, but he places economics squarely on a utilitarian base. Walras recognized the pure science of economics, the art of economics, and, finally, social economics. Ethical questions are correctly excluded from the first two, but must enter the latter. Although he was the real founder of the mathematical school, he lectured on all three branches of economics, neither confusing them nor leaving the ethico-economic sphere to the social philosopher or the politician.

With but a few notable and important exceptions the major American economists recognize and treat of normative aspects

in economics. The early American colleges were for the most part religious foundations, and economics was very often taught by the professor of moral philosophy. For Daniel Raymond and McVickar, it was a moral science. Wayland tried not to confuse ethical and economic data and insisted on the need for treating each separately, all the while relating not a few economic principles to ultimate causes. H. C. Carey in his *Principles* quotes with approval Senior's conception of the scope of economics, but, after having earlier abstracted from economics proper all higher value considerations, in the *Principles of Social Science* he aligns the two and goes on to give expression to all sorts of judgments far exceeding any merely descriptive character. F. A. Walker's thought forms a connecting link between early and later American economic thought; his attitude towards the admission of normative elements in economics is marked by an acerbity unequalled in early American economic thought and even in most of the writing which was to follow him. A heavy ethical tone marked the work of Henry George, notwithstanding the fact that, when consciously addressing himself to the question in *The Science of Political Economy*,¹ he held for a strict separation of the two disciplines. The pre-eminent American economist, John Bates Clark, sought to place economics upon a defensively moral basis, and "to bring into view the sovereignty of moral law in . . . economic practice." Although in his later work Clark is more restrained in his reference to the ethical elements in economic life, he nevertheless holds to a general preconception that the laws of economics must fit into, and be approved by, a wider scheme of social values. S. N. Patten wants full and independent development of both economics and ethics but thinks, nevertheless, that the lines of communication between the two sciences should be maintained. Richard T. Ely went farther than almost any recent American economist in underlining his conception of an inseparable relation between ethical principles and economic phenomena. Since there is some

territory common to the two sciences, the economist will find it necessary to pass judgment on what is just and reasonable.

F. W. Taussig and H. J. Davenport are the two major pillars of dissent from the general body of American economic thought on the question of the "welfare" character of economics. Taussig admitted that the economist may not be able to keep from straying over into ethical territory, but that for the most part he does best to keep within his own domain. Davenport held for a strict separation of the two types of phenomena for purposes of investigation, although after the scientific principles had been obtained, the economist could assume the task of ethical appraisal, but then not acting *qua* economist.

E. R. A. Seligman, holding that economic inquiry is teleological as well as historical, sees a close relationship between economics and ethics. The aim of economics for him is to show the reconciliation of private wealth with public welfare.

Institutionalist economics is in great part ethically oriented, although Veblen himself disavowed any such intent. However, the power of his brilliant satire makes it difficult for scholars to escape seeing in his writing judgments of the institutions and customs satirized. J. R. Commons was interested in the "is" and "ought" of economic questions and sought to work out a theory of economics which would be adequate both for the analysis of economic problems and the guidance of social action. For W. C. Mitchell there is a close organic relationship between economic theory and applied economics; therefore, he does not shrink from the introduction of extra-economic elements, if these will help to explain economic institutions. Of course, he does not concentrate on the latter, since the greater part of his scholarly effort is focussed on the quantitative aspects of economics. A. B. Wolfe is not exceeded by any American economist in the extent to which he goes in breaking down the line-fence between economics and ethics, all the while yielding to none in his appreciation of the purely scientific side of economics. The name of

Frank A. Fetter is almost synonymous with the term "welfare economics." He admits that we must first limit economics for purposes of study, but later on there should be a synthesis of political, ethical and economic considerations. And the larger, truer political economy must always be, according to Fetter, not alone a theory of value, but a theory of welfare.

The long-time dean of American Catholic economists, John A. Ryan, argued against an indiscriminate mingling of ethical judgments with economic analysis but insisted that economics has a dual character; it is both descriptive and normative, and neither aspect should be minimized. Few economists have so well co-ordinated the two elements in their work as Ryan.

J. M. Clark thinks that it would be a strangely futile situation if the proper premises of the two sciences (economics and ethics) should contradict each other, and still more futile if the economists may not either justify or criticize the economic system without being accused of extra-territoriality. He thinks the task for today's theorist is to substitute an economics of responsibility for the economics of irresponsible conflict. F. H. Knight has made the question of the relationship between economics and ethics his particular forte. He categorically rejects the Christian economic-ethic as impossible. Economics and ethics are considered as axiologic sciences, and Knight submits the connection between them to psychological analysis. His economic-ethics, with its stress on natural processes and lack of definable objective ends, appears closely akin to psychology.

R. T. Bye, in an exceptionally balanced approach, says that the definition of economics must be broad enough to include description, appraisal, and prescription, since all the social sciences have zones of partially mutual jurisdiction. His texts allow for three phases of the study of industrial activities—pure economics, economic ethics, and applied economics.

Contemporary British and Continental economic thought, with but a few important exceptions, takes the balanced view

of neither excluding ethical factors from economics, nor of making economics a normative science alone.

Henry Sidgwick stood at the fork of the road on which British political economy moves away from the older Classicism and in the direction of a Neo-Classical synthesis. He acknowledged the advantages resulting from the distinction between the study of the science and the art of political economy, but insisted that the separation is only partial. His ethics is a form of attenuated utilitarianism.

The identifying and summarizing feature of Alfred Marshall's thought, and almost the mainspring of his efforts, was his ethical outlook joined at the same time to a sound science. He viewed the laws of economics as statements in the indicative mood, not precepts in the imperative, but hastened to add that "ethical forces are among those of which the economist has to take account." The reviewers at one time or another both hailed and complained of the ethical stress in his two major works. Marshall held to his conception that the economist must at times go beyond the purely economic data, but that, in so doing, he should clearly indicate where the line has been crossed.

P. H. Wicksteed attached an ethical pendant to the title of his principal treatise and related the economics of that work to broader social considerations.

J. N. Keynes, in his definitive treatment of the scope and method of political economy, divided all economics into positive science, normative science, and art, and gave to each a distinctive character. His point of emphasis was that positive inquiry cannot be the stopping point for economics, the reason being that, since economic phenomena depend in large measure upon the activity of free agents, it cannot be affirmed that in the economic world, "what is," must be.

John Maynard Keynes writes as a pure scientist but does not fail to indicate the fact when he thinks that the real problem lies beyond economics. His definitive work, *The General Theory*

of *Employment, Interest and Money*, does not mix economics with ethics but contains a chapter devoted to notes on the social philosophy toward which the general theory might lead. And in the same work modern economic society stands indicted for its failure to provide full employment and for its inequitable distribution of wealth and incomes. Beveridge says that in J. M. Keynes "... moral and technical considerations unite. ..."

J. A. Hobson is the leading British exponent of what has come to be known as "welfare economics." To such an extent did Hobson take account of ethical elements in economics that, in his thought, the two become merged. He contended that the social sciences have a relationship which is closer to that of a federal state than a federation of states. The meaning and content he gave to "welfare" seem open to some question.

Molinari and Baudrillart are of interest to this study because they both published works specifically dealing with the relationship between economics and ethics. Molinari espouses utilitarianism, while Baudrillart's thesis is that the two disciplines may be studied independently, but intercommunication must exist between them. Charles Gide divides economics into pure political economy and social economics. The former is the science of "what is," while the latter is more closely allied to moral science. He makes much of his concept of "solidarity"—a humanitarian notion which loses a great deal of its dynamism by trying to retain the function of charity without the inspiration of that virtue.

In contemporary thought the focus of sharp dissent from the concept of economics as a partially normative science centers around A. C. Pigou and Lionel Robbins in England, along with some considerable stress from Cassel in Sweden. Although Pigou on occasion drifts out into the wide sea of welfare, when consciously addressing himself to the question, economics is restricted in character to a positive science. Robbins' conception of the nature of economics ranks among the most austere in the

entire history of that discipline. In his view agreement and accuracy demand a narrowing of the scope of economics to exclude all normative considerations. If the economist discusses these aspects of economic life, he must do so not as an economist, but as a private citizen. In Gustav Cassel's opinion the economy being studied must be "self-contained" and can have no relationship with anything outside itself; economics is then wholly quantitative.

Conclusions

The presentation of conclusions as distinct from findings in a monograph which has attempted to trace the history of a concept by means of a survey of the literature in a particular field is scarcely to be expected. Certain trends have nevertheless been manifest; an interpretation of their implications is warranted inasmuch as such a large number of authors has been examined for their views on the topic of this study.

Three major trends, with many variations in minor key, have dominated the economists' conceptions of the relationship between economics and moral philosophy.

1. In some schools of thought the two disciplines have been so welded that they are no longer distinct. Typical of this extreme attitude is most of the pre-scientific economic thought and also that of John A. Hobson.
2. At the opposite extreme is that conception which has seen economics as a purely positive science from which any spot of extra-economic consideration must be expunged. The roster of this group includes such significant names as Ricardo, Senior, Cairnes, J. B. Say, Menger, Böhm-Bawerk, Jevons, Pigou, Robbins, Cassel, Walker, Taussig and Davenport.
3. The overwhelming body of economists not mentioned in the other two groups has allowed for both normative and descriptive elements in economics, but with

some considerable range and variation in the emphasis of one over the other.

Karl Marx and Thorstein Veblen are conspicuous for the strictness with which they apprehend economics as a positive science, but then they go on to allow a considerable clatter of ethical under-and-overtone to pervade their works.

Economics was born of moral philosophy and not infrequently nourished and developed by moral philosophers later turned economists.

The ubiquity and continuity of the conception of economics as partially normative, and the scholarly eminence of the economists who held that conception, furnish impressive indication of a peculiarly intimate relationship between economics and ethics. It is based on the following premises:

1. The nature of the social sciences (as distinguished from the natural and physical) is categorically different in character and makes for an ethical content in economics. Many of the writers who take the narrower view of economics resort to analogies in the non-social sciences. All the sciences were at one time bound together in philosophy. Economics, as social science, can never completely sever that tie, for the economy itself is not a completely closed system. Since economic phenomena depend in large measure upon the activity of free agents, it cannot be asserted that in the economic sphere, "what is," must be. It is conceivable that without ethics the economist may explain economic forces and how they may be controlled, but only under the aegis of moral philosophy could they be controlled for the benefit of humanity. If economics is to be something more than econometrics, it must be in part ethical.

2. No one is better qualified than the economist to say what "should be" in the economic order. Contrary procedure would appear as specialization and departmentalization gone to seed. It is necessary that the student of economics appreciate the

complexity of economic phenomena through an objective examination of his data, but after this there comes a point at which he must be constructive. Science involves not only analysis but synthesis. It is questionable whether one can really understand how a thing "is" without understanding how it "should be."

3. Frankly and openly discussing value premises and criteria is in the final analysis more scientific than running the risk of hidden biases lurking beneath a façade of scientific purism. The distinction between the positive and normative elements in economics is certainly more apparent when they are closely juxtaposed than when completely isolated each from the other.

A further insight may perhaps be gained from the fact that the ethical predilection of so many of the leading Classical, Neo-Classical, and contemporary British and American economists lay in the direction of some form of utilitarianism or of pragmatism. This has been true even when they have denied any normative character for economics. If economics guides as well as explains the economy (and this has been the historical view of the overwhelming body of economists), then in the type of ethical criteria employed, as well as in the confusion of ethical standards, is explained some of the incongruity and incoherence of modern economic life. To the degree that economic conduct has been divorced from ethical criteria, or that economic criteria have become paramount, the same result is logically inferred.

The economics of the future will be significant only as an "integralist" economics—one which looks to the soundness of its philosophical underpinnings.

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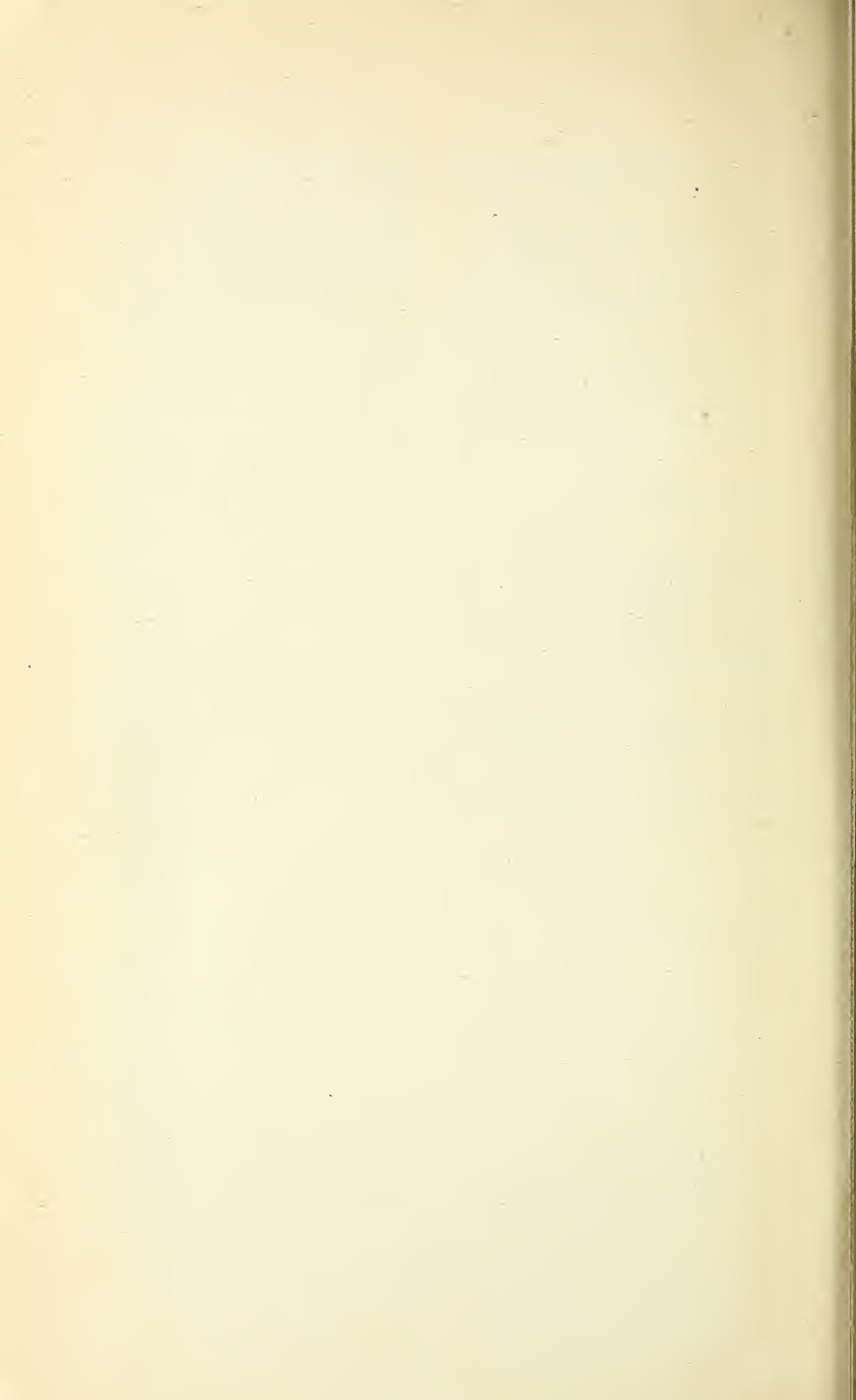
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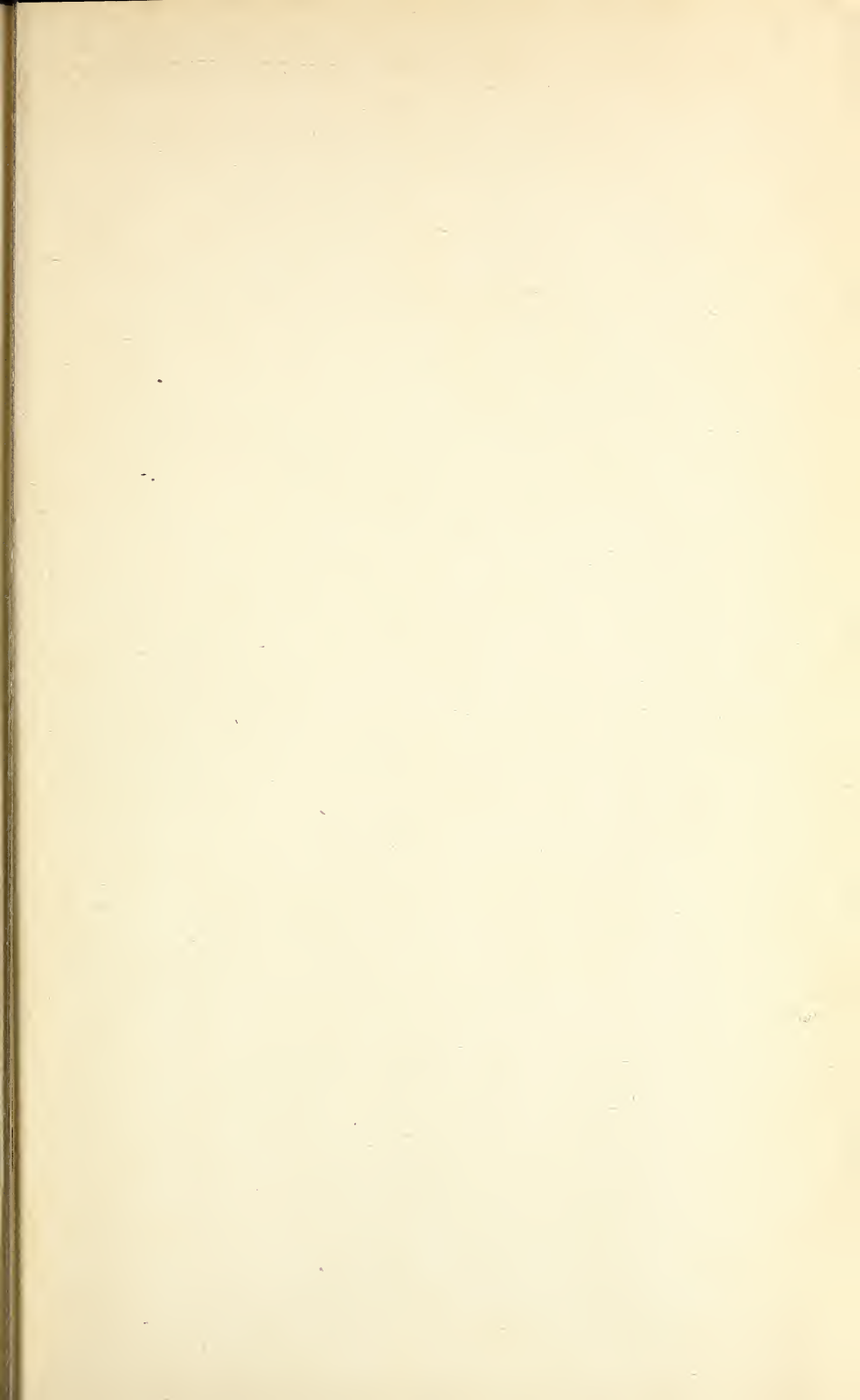
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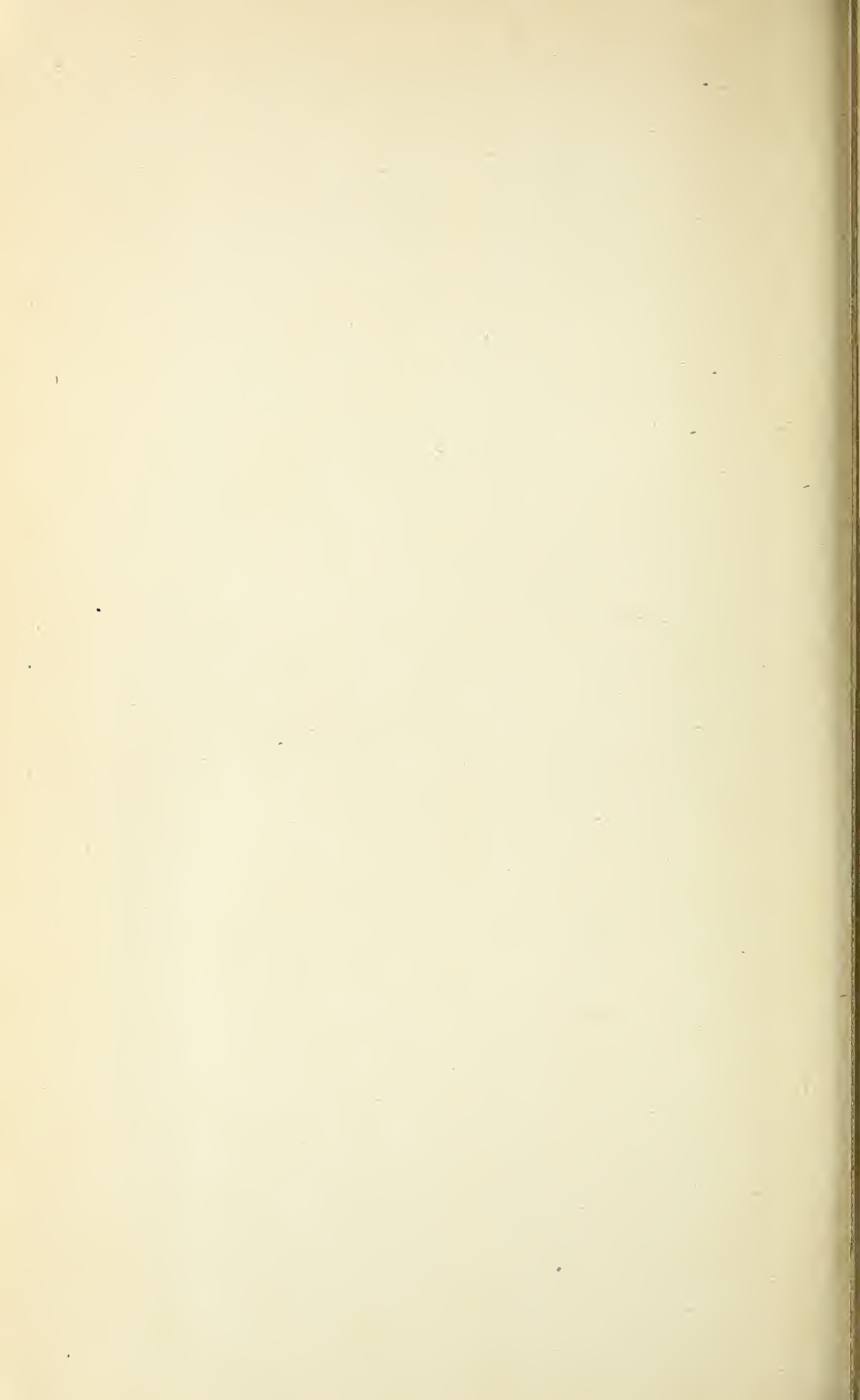
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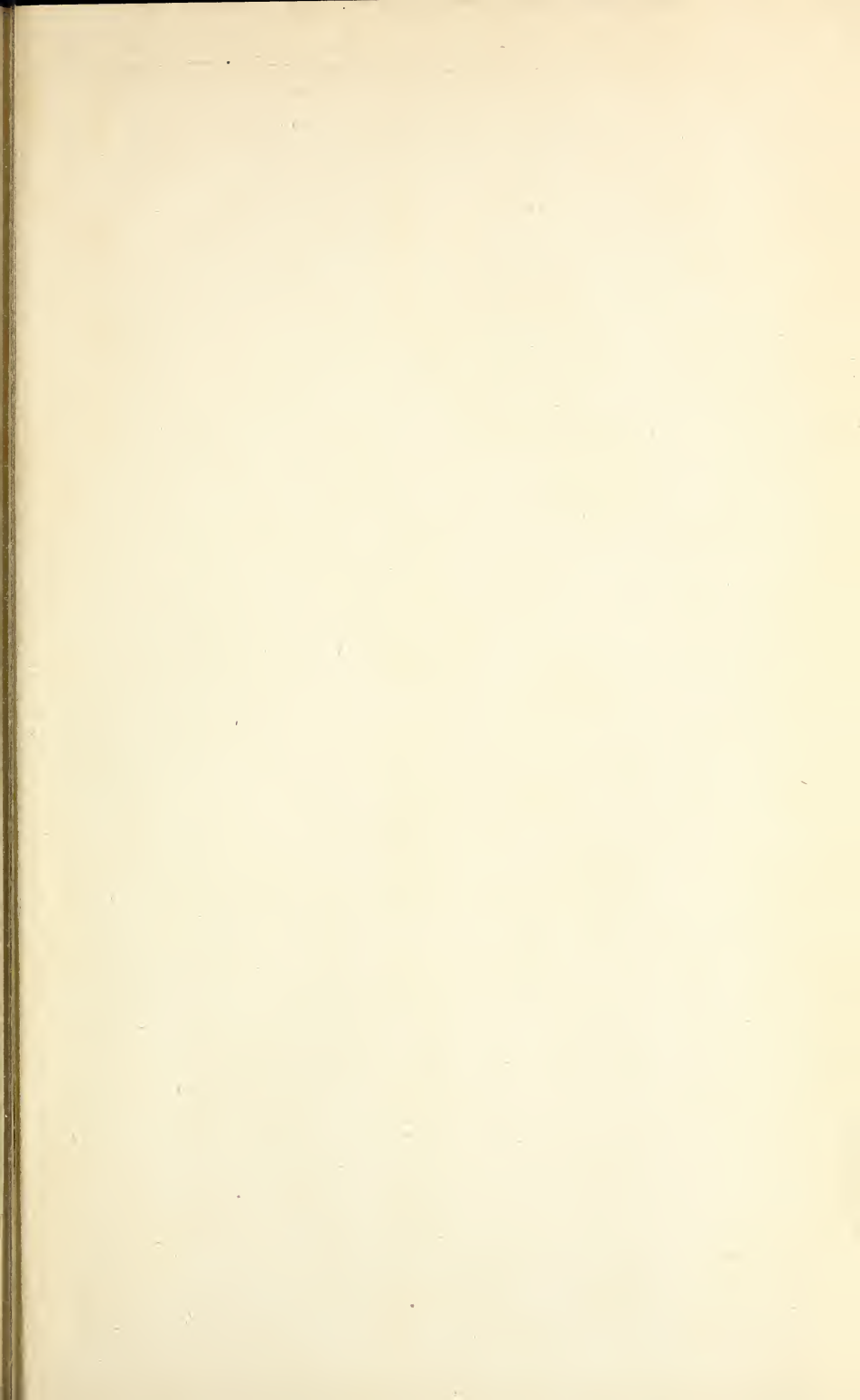
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